

Calendar No. 517

103D CONGRESS  
2D SESSION

**S. 2281**

[Report No. 103-307]

**A BILL**

To reduce homelessness, reform public housing, expand and preserve affordable housing, encourage homeownership, ensure fair housing for all, and empower communities, and for other purposes.

JULY 13 (legislative day, JULY 11), 1994

Read twice and placed on the calendar

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IN THE SENATE OF THE UNITED STATES

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Mr. RIEGLE, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

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To reduce homelessness, reform public housing, expand and preserve affordable housing, encourage homeownership, ensure fair housing for all, and empower communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
 3 “Housing Choice and Community Investment Act of  
 4 1994”.

5 (b) TABLE OF CONTENTS.—The table of contents for  
 6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definition.

TITLE I—ASSISTANCE FOR THE HOMELESS

- Sec. 101. Short title.
- Sec. 102. Findings and purposes.
- Sec. 103. Definitions.
- Sec. 104. Authorizations.
- Sec. 105. Application.
- Sec. 106. Eligible activities.
- Sec. 107. Matching requirement and maintenance of effort.
- Sec. 108. Allocation and distribution of funds.
- Sec. 109. Administration of program.
- Sec. 110. Citizen participation.
- Sec. 111. Reports, reviews, and audits.
- Sec. 112. Nondiscrimination in programs and activities.
- Sec. 113. Consultation.
- Sec. 114. Records, reports, and audits.
- Sec. 115. Annual report to Congress.
- Sec. 116. Implementation.
- Sec. 117. Transition provisions.

TITLE II—PUBLIC AND INDIAN HOUSING

Subtitle A—Enhanced Flexibility for Public Housing Agencies

- Sec. 201. Public housing direct loans.
- Sec. 202. Use of modernization funds for replacement housing.
- Sec. 203. Use of public-private partnerships in modernizing public housing.
- Sec. 204. Report.
- Sec. 205. Modification of the early childhood development program.
- Sec. 206. Entrepreneurial PHAs and RMCs.
- Sec. 207. Disallowance of earned income for residents who obtain employment.
- Sec. 208. Ceiling rents based on reasonable rental value.
- Sec. 209. Authorization to sell public housing to nonprofit organizations.
- Sec. 210. Working families in public housing.

Subtitle B—Severely Distressed Public Housing Program

- Sec. 211. Revitalization of severely distressed public housing.
- Sec. 212. Modernization program reserve funds.
- Sec. 213. Eligibility of severely distressed public housing for public housing operating subsidies.

### Subtitle C—Anti-Crime Initiatives

- Sec. 221. Community partnerships against crime.
- Sec. 222. Police in public housing.
- Sec. 223. Availability of criminal records for screening and eviction.

### Subtitle D—Authorizations and Extensions

- Sec. 231. Low-income housing.
- Sec. 232. Public housing operating subsidies.
- Sec. 233. Family self-sufficiency program.
- Sec. 234. Family investment and economic opportunity centers.
- Sec. 235. Resident management and tenant opportunity program.
- Sec. 236. Indian housing loan guarantee program.

### Subtitle E—Applicability

- Sec. 241. Applicability of public housing amendments to Indian housing.

### Subtitle F—Termination of Certain Assisted Housing Programs

- Sec. 251. Termination of certain assisted housing programs.

### Subtitle G—Midnight Basketball League Training and Partnership

- Sec. 261. Short title.
- Sec. 262. Grants for midnight basketball league training and partnership.
- Sec. 263. Public housing midnight basketball league programs.

### Subtitle H—Miscellaneous Provisions

- Sec. 271. Study of operating subsidy program.
- Sec. 272. Composition of boards of directors of PHAs.
- Sec. 273. Advanced training in public housing management.
- Sec. 274. Deregulation of public housing agencies.

## TITLE III—HOMEOWNERSHIP

### Subtitle A—Expanded Single Family Homeownership Opportunities

- Sec. 301. Maximum dollar amount for FHA single family mortgages.
- Sec. 302. Streamlined refinancing for HUD-held mortgages.
- Sec. 303. Innovative affordable housing demonstrations.
- Sec. 304. Single family risk-sharing mortgage insurance program.
- Sec. 305. Homeownership counseling and outreach.
- Sec. 306. Delegation of insuring authority to direct endorsement mortgagees.

### Subtitle B—Miscellaneous Provisions

- Sec. 311. National homeownership fund demonstration.
- Sec. 312. Section 235 refinancing.
- Sec. 313. Energy efficient mortgages pilot program.

### Subtitle C—Authorizations

- Sec. 321. Limitation on GNMA guarantees for mortgage-backed securities.
- Sec. 322. Limitation on FHA insuring authority.
- Sec. 323. HOPE authorization of appropriations.
- Sec. 324. Home equity conversion mortgages.

## TITLE IV—SECTION 8 RENTAL ASSISTANCE

- Sec. 401. Merger of the certificate and voucher programs.
- Sec. 402. Choice in residency.
- Sec. 403. Family unification assistance.
- Sec. 404. Fair market rents.

## TITLE V—HOME INVESTMENT PARTNERSHIPS

- Sec. 501. HOME program loan guarantees.
- Sec. 502. HOME authorization of appropriations.
- Sec. 503. Monitoring of compliance.
- Sec. 504. Stabilization of HOME funding thresholds.
- Sec. 505. HOME investments.
- Sec. 506. Return of matching investment.
- Sec. 507. Adjustment of qualifying rent.
- Sec. 508. Increases in tenant income.

## TITLE VI—MULTIFAMILY AND SUPPORTIVE HOUSING

## Subtitle A—Preservation

- Sec. 601. Cost-saving amendments.
- Sec. 602. Low-income housing preservation authorization of appropriations.

## Subtitle B—Renewal of Expiring Section 8 Contracts

- Sec. 611. Authority to enter into new contracts.
- Sec. 612. Criteria for entering into new contracts.
- Sec. 613. Renewal process.
- Sec. 614. Assistance for tenants.
- Sec. 615. Procedures for voluntary sale to qualified purchaser.
- Sec. 616. Rent levels in new contracts.
- Sec. 617. Financing and restructuring underlying debt; discretionary authorities; residual receipts.
- Sec. 618. Renewal requirements.
- Sec. 619. Delegation of authority.
- Sec. 620. Definitions.
- Sec. 621. Implementation.
- Sec. 622. Evaluation.
- Sec. 623. Authorization of appropriations.

## Subtitle C—Other Section 8 Program Amendments

- Sec. 631. Refinancing high interest multifamily mortgages and eliminating unnecessary costs.
- Sec. 632. Termination and reuse of section 8 HAP contract budget authority.
- Sec. 633. Civil money penalties for violation of section 8 HAP contracts.

## Subtitle D—Supportive Housing

- Sec. 641. Section 811 rental assistance for persons with disabilities.
- Sec. 642. Service coordinators in supportive housing.
- Sec. 643. Funding for supportive housing for the elderly.
- Sec. 644. Funding for supportive housing for persons with disabilities.
- Sec. 645. Housing opportunities for persons with AIDS.

## Subtitle E—Miscellaneous Provisions

- Sec. 651. Flexible subsidy program.
- Sec. 652. Extension of section 221(g)(4) auction provisions.
- Sec. 653. Extension of multifamily mortgage credit demonstrations.
- Sec. 654. Indemnification for project managers.
- Sec. 655. Civil money penalties against general partners and certain managing agents of multifamily housing projects.
- Sec. 656. Extension of equity skimming to other multifamily housing programs.
- Sec. 657. Comprehensive needs assessments.
- Sec. 658. Authorization of appropriations for General Insurance Fund and Special Risk Insurance Fund.
- Sec. 659. FHA mortgage insurance limits for multifamily housing in high cost areas.
- Sec. 660. Elimination of new activity in low-use multifamily development programs.
- Sec. 661. Revised congregate services.
- Sec. 662. Study on FHA insured multifamily housing mortgages.

#### TITLE VII—COMMUNITY AND ECONOMIC DEVELOPMENT

- Sec. 701. Community and economic development.
- Sec. 702. Colonias assistance grants.
- Sec. 703. Extension of colonia program under section 916 of the Cranston-Gonzalez National Affordable Housing Act.
- Sec. 704. Community development block grants.
- Sec. 705. Economic development initiative.
- Sec. 706. CDBG reallocations.
- Sec. 707. Community viability fund.
- Sec. 708. Community investment corporation demonstration reauthorization.
- Sec. 709. National cities in schools program.
- Sec. 710. Community development grants for minority communities with special needs demonstration.
- Sec. 711. UDAG recaptures.
- Sec. 712. State agencies as sureties.
- Sec. 713. Conforming amendments related to empowerment zones and enterprise communities.
- Sec. 714. Study of use of CDBG as a match for other Federal programs.

#### TITLE VIII—NONJUDICIAL FORECLOSURE OF DEFAULTED SINGLE FAMILY MORTGAGES

- Sec. 801. Short title.
- Sec. 802. Findings and purpose.
- Sec. 803. Definitions.
- Sec. 804. Applicability.
- Sec. 805. Designation of foreclosure commissioner.
- Sec. 806. Prerequisites to foreclosure.
- Sec. 807. Commencement of foreclosure.
- Sec. 808. Notice of default and foreclosure sale.
- Sec. 809. Service of notice of foreclosure sale.
- Sec. 810. Presale reinstatement.
- Sec. 811. Conduct of sale; adjournment.
- Sec. 812. Foreclosure costs.
- Sec. 813. Disposition of sale proceeds.
- Sec. 814. Transfer of title and possession.
- Sec. 815. Record of foreclosure and sale.
- Sec. 816. Effect of sale.

- Sec. 817. Computation of time.
- Sec. 818. Severability.
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#### TITLE IX—RURAL HOUSING

- Sec. 901. Program authorizations.
- Sec. 902. Eligibility of Native Americans for rural housing programs.
- Sec. 903. Escrow fund.
- Sec. 904. Section 502 homeownership loans.
- Sec. 905. Designation of underserved areas and reservation of assistance.
- Sec. 906. Section 515 rural rental housing.
- Sec. 907. Optional conversion of rental assistance payments to operating subsidy for migrant farmworker projects.
- Sec. 908. Eligibility of manufactured home parks for building site loans for co-operatives.
- Sec. 909. Rural housing report.
- Sec. 910. Priority for rural housing voucher assistance.
- Sec. 911. Native American rural housing capacity demonstration program.
- Sec. 912. Rural community development initiative.

#### TITLE X—REGULATORY AND MISCELLANEOUS PROGRAMS

- Sec. 1001. OFHEO assessment collection dates.
- Sec. 1002. Lead-based paint technical assistance amendments.
- Sec. 1003. Lead-based paint target housing hazard reduction program.
- Sec. 1004. Lead-based paint notification requirements.
- Sec. 1005. HUD research and development.
- Sec. 1006. Indemnification of contractors for intellectual property rights disputes.
- Sec. 1007. Fair housing initiatives program authorization of appropriations.
- Sec. 1008. Civil money penalties for violations of the Home Mortgage Disclosure Act by nonsupervised mortgagees.
- Sec. 1009. Youthbuild.
- Sec. 1010. Neighborhood reinvestment corporation.
- Sec. 1011. HUD salaries and expenses.
- Sec. 1012. Section 23 project conversion.
- Sec. 1013. Civil money penalties for improper participation in the origination of title I loans.
- Sec. 1014. Public facilities loan.
- Sec. 1015. National Commission on the Future of the Federal Housing Administration.

#### 1 **SEC. 2. DEFINITION.**

- 2 For purposes of this Act, the term “Secretary”
- 3 means the Secretary of Housing and Urban Development.

1   **TITLE I—ASSISTANCE FOR THE**  
2                   **HOMELESS**

3   **SEC. 101. SHORT TITLE.**

4       This title may be cited as the “Stewart B. McKinney  
5 Homeless Housing Assistance Reorganization Act of  
6 1994”.

7   **SEC. 102. FINDINGS AND PURPOSES.**

8       (a) FINDINGS.—The Congress finds that—

9           (1) more Americans are homeless than at any  
10          time since the Great Depression;

11          (2) homeless populations in different parts of  
12          the country require different types of services to  
13          meet their needs;

14          (3) the different needs within the homeless pop-  
15          ulation argue for a comprehensive approach to Fed-  
16          eral homeless housing assistance that provides out-  
17          reach and assessment, emergency shelter, multiple  
18          services, transitional housing, and permanent hous-  
19          ing; and

20          (4) the separate Federal programs designed to  
21          solve specific homeless problems have different dis-  
22          tribution mechanisms, rules, and reporting require-  
23          ments, that—

24                (A) exceed the resources available to the  
25          Department of Housing and Urban Develop-

1           ment, State governments, local governments,  
2           and not-for-profit homeless providers;

3           (B) restrict the flexibility of communities  
4           to fashion comprehensive homeless systems that  
5           meet the needs of homeless persons in their  
6           areas;

7           (C) result in unpredictable funding  
8           streams that hinder the ability of communities  
9           and service providers to plan, develop, and im-  
10          plement comprehensive systems to assist home-  
11          less individuals and families; and

12          (D) impede the integration and coordina-  
13          tion of Federal, State, and local government  
14          and private for-profit and not-for-profit re-  
15          sources available within a community.

16       (b) PURPOSES.—The purposes of this title are—

17           (1) to reorganize the homeless housing assist-  
18           ance authorities under the Stewart B. McKinney  
19           Homeless Assistance Act;

20           (2) to assist States and localities, in partner-  
21           ship with private nonprofit service providers, to use  
22           homeless funding more efficiently and effectively;

23           (3) to simplify and make more flexible the pro-  
24           vision of Federal homeless assistance;

1           (4) to maximize a community's ability to imple-  
2           ment a coordinated, comprehensive system for pro-  
3           viding assistance to homeless families and individ-  
4           uals;

5           (5) to make more efficient and equitable the  
6           manner in which the Secretary distributes homeless  
7           assistance;

8           (6) to reduce the burden on the Secretary's  
9           staff in managing numerous programs and grant  
10          competitions;

11          (7) to reduce the costs to States, units of gen-  
12          eral local government, and private nonprofit organi-  
13          zations in applying for and using assistance; and

14          (8) to advance the goal of meeting the needs of  
15          the homeless population through the mainstream  
16          programs for permanent housing as the Federal re-  
17          sources supporting these programs become available.

18 **SEC. 103. DEFINITIONS.**

19          For purposes of this title, the following definitions  
20          shall apply:

21               (1) COMPREHENSIVE HOMELESS ASSISTANCE  
22               SYSTEM.—A “comprehensive homeless assistance  
23               system” includes—

24                       (A) a system of outreach and assessment  
25                       for—

1 (i) determining whether an individual  
2 or family is homeless, or whether assist-  
3 ance is necessary to prevent an individual  
4 or family from becoming homeless; and

5 (ii) ensuring that individuals and fam-  
6 ilies that are so identified under clause (i)  
7 receive appropriate housing and supportive  
8 services, including assistance required to  
9 prevent homelessness;

10 (B) emergency shelters with appropriate  
11 supportive services to help ensure that homeless  
12 individuals and families receive adequate shel-  
13 ter;

14 (C) transitional housing with appropriate  
15 supportive services to help ensure that homeless  
16 individuals and families are prepared to make  
17 the transition to increased responsibility and  
18 permanent housing;

19 (D) permanent housing, or permanent sup-  
20 portive housing, to help meet the long-term  
21 housing needs of homeless individuals and fami-  
22 lies;

23 (E) coordination between assistance pro-  
24 vided under this title and assistance provided  
25 under other Federal, State, and local programs

1 that may be used to assist homeless individuals  
2 and families, including programs administered  
3 by the Department of Veterans Affairs, the De-  
4 partment of Labor, the Department of Health  
5 and Human Services, and the Department of  
6 Education; and

7 (F) a system of referrals for subpopula-  
8 tions of the homeless (including homeless veter-  
9 ans) to the appropriate agencies, programs, or  
10 services (including health care, job training, and  
11 income support) necessary to meet their needs.

12 (2) ALLOCATION UNIT OF GENERAL LOCAL  
13 GOVERNMENT.—The term “allocation unit of general  
14 local government” means a metropolitan city or an  
15 urban county.

16 (3) METROPOLITAN CITY.—The term “metro-  
17 politan city” has the same meaning as in section  
18 102(a)(4) of the Housing and Community Develop-  
19 ment Act of 1974.

20 (4) URBAN COUNTY.—The term “urban coun-  
21 ty” has the same meaning as in section 102(a)(6) of  
22 the Housing and Community Development Act of  
23 1974.

24 (5) UNIT OF GENERAL LOCAL GOVERNMENT.—

1 (A) IN GENERAL.—The term “unit of gen-  
2 eral local government” means—

3 (i) a city, town, township, county, par-  
4 ish, village, or other general purpose politi-  
5 cal subdivision of a State;

6 (ii) the District of Columbia; and

7 (iii) any agency or instrumentality  
8 thereof that is established pursuant to leg-  
9 islation and designated by the chief execu-  
10 tive to act on behalf of the jurisdiction  
11 with regard to provisions of this title.

12 (B) CONSORTIA.—The term “unit of gen-  
13 eral local government” may include a consor-  
14 tium of geographically contiguous units of gen-  
15 eral local government if the Secretary deter-  
16 mines that the consortium—

17 (i) has sufficient authority and admin-  
18 istrative capability to carry out the pur-  
19 poses of this title on behalf of its member  
20 jurisdictions; and

21 (ii) will, according to a written certifi-  
22 cation by the State (or States, if the con-  
23 sortium includes jurisdictions in more than  
24 1 State), direct its activities to the allevi-

1                   ation of problems of homeless individuals  
2                   or families within the State or States.

3           (6) INDIAN TRIBE.—The term “Indian tribe”  
4           has the same meaning as in section 102(a) of the  
5           Housing and Community Development Act of 1974.

6           (7) INSULAR AREA.—The term “Insular Area”  
7           means the Virgin Islands, Guam, American Samoa,  
8           and the Northern Mariana Islands.

9           (8) STATE.—The term “State” means each of  
10          the several States and the Commonwealth of Puerto  
11          Rico. Such term includes an agency or instrumental-  
12          ity of a State that is established pursuant to legisla-  
13          tion and designated by the chief executive to act on  
14          behalf of the jurisdiction with regard to provisions of  
15          this title.

16          (9) PRIVATE NONPROFIT ORGANIZATION.—The  
17          term “private nonprofit organization” means an or-  
18          ganization—

19                (A) no part of the net earnings of which  
20                inures to the benefit of any member, founder,  
21                contributor, or individual;

22                (B) that has a voluntary board;

23                (C) that has an accounting system, or has  
24                designated a fiscal agent in accordance with re-  
25                quirements established by the Secretary; and

1 (D) that practices nondiscrimination in the  
2 provision of assistance.

3 (10) HOMELESS INDIVIDUAL.—The term  
4 “homeless individual” has the same meaning as in  
5 section 103 of the Stewart B. McKinney Homeless  
6 Assistance Act.

7 (11) HOMELESS FAMILY.—The term “homeless  
8 family” means a group of one or more related indi-  
9 viduals who are homeless individuals.

10 (12) APPLICANT.—The term “applicant” means  
11 a grantee submitting an application under section  
12 105.

13 (13) RECIPIENT.—The term “recipient” means  
14 a grantee and a State recipient.

15 (14) STATE RECIPIENT.—The term “State re-  
16 cipient” means—

17 (A) a unit of general local government  
18 within the State (other than an allocation unit  
19 of general local government) receiving grant  
20 amounts from the State under section  
21 109(c)(3); and

22 (B) a public agency or a private nonprofit  
23 organization receiving grant amounts from the  
24 State under section 109(c)(3).

25 (15) GRANTEE.—The term “grantee” means—

1 (A) an allocation unit of general local gov-  
2 ernment, Indian tribe, or Insular Area that ad-  
3 ministers a grant under section 109(a)(1);

4 (B) a public agency or a private nonprofit  
5 organization (or a consortium of such organiza-  
6 tions) designated by an allocation unit of gen-  
7 eral local government, Indian tribe, or Insular  
8 Area to administer grant amounts under section  
9 109(a)(2);

10 (C) a State or a private nonprofit organi-  
11 zation designated by the Secretary to admin-  
12 ister grant amounts under section 109(a)(3);

13 (D) a State administering a grant under  
14 section 109(c)(1)(A);

15 (E) a unit of general local government des-  
16 ignated by the Secretary to administer a grant  
17 under section 109(c)(4);

18 (F) a public agency or private nonprofit  
19 organization (a consortium of such organiza-  
20 tions) designated by a unit of general local gov-  
21 ernment to administer a grant from the Sec-  
22 retary under section 109(c)(4); or

23 (G) a private nonprofit organization receiv-  
24 ing a grant from the Secretary under section  
25 109(c)(4).

1 **SEC. 104. AUTHORIZATIONS.**

2 (a) IN GENERAL.—The Secretary may make grants  
3 under this title to carry out activities to assist homeless  
4 individuals and families in support of comprehensive  
5 homeless assistance systems, in accordance with the provi-  
6 sions of this title.

7 (b) FUNDING AMOUNTS.—There are authorized to be  
8 appropriated to carry out this title \$1,250,000,000 for fis-  
9 cal year 1996. Any amounts appropriated shall remain  
10 available until expended.

11 **SEC. 105. APPLICATION.**

12 (a) IN GENERAL.—Each applicant shall submit the  
13 application required under this section in a form and in  
14 accordance with such procedures as the Secretary shall  
15 prescribe.

16 (b) HOMELESS ASSISTANCE STRATEGY.—

17 (1) IN GENERAL.—The local board established  
18 for each recipient under section 110(c) or the State  
19 advisory board established under section 110(d)  
20 shall prepare a homeless assistance strategy for in-  
21 clusion in the comprehensive housing affordability  
22 strategy required under section 105 of the Cranston-  
23 Gonzalez National Affordable Housing Act.

24 (2) CONSISTENCY REQUIREMENT.—The chief  
25 executive officer of the State, allocation unit of gen-  
26 eral local government, Indian tribe, or Insular Area

1 shall ensure that the homeless assistance strategy is  
2 consistent with the other elements of the comprehen-  
3 sive housing affordability strategy.

4 (3) LOCAL BOARD COMMENTS.—To the extent  
5 that the chief executive officer of the recipient alters  
6 the homeless assistance strategy prepared by the  
7 State advisory board or local board, the comments of  
8 the State advisory board or local board on those  
9 changes shall be included in the application.

10 (c) ADDITIONAL REQUIREMENTS FOR ALLOCATION  
11 UNITS OF GENERAL LOCAL GOVERNMENT, INDIAN  
12 TRIBES, AND INSULAR AREAS.—

13 (1) IN GENERAL.—The homeless assistance  
14 strategy prepared by allocation units of general local  
15 government, Indian tribes, and Insular Areas shall—

16 (A) include a description of the com-  
17 prehensive homeless assistance system to be es-  
18 tablished and maintained within the jurisdic-  
19 tion; and

20 (B) meet the requirements established  
21 under section 105(b)(2) of the Cranston-Gon-  
22 zalez National Affordable Housing Act and  
23 paragraph (2) of this subsection.

24 (2) ADDITIONAL REQUIREMENTS FOR HOME-  
25 LESS ASSISTANCE STRATEGY.—Each homeless as-

1       sistance strategy described in paragraph (1) shall  
2       also contain—

3               (A) a description of current facilities and  
4               services designed to assist homeless individuals  
5               and families and an assessment of what is re-  
6               quired to establish and maintain a comprehen-  
7               sive homeless assistance system;

8               (B) a multiyear strategy for establishing  
9               and maintaining the comprehensive homeless  
10              assistance system, including appropriate time-  
11              tables and budget estimates for accomplishing  
12              each element of the strategy;

13              (C) a 1-year action plan, identifying all ac-  
14              tivities to be carried out with assistance under  
15              this title and describing how these activities will  
16              further the strategy;

17              (D) a description of efforts to address the  
18              problems faced by each of the different sub-  
19              populations of the homeless, especially those of  
20              homeless veterans;

21              (E) a certification or other evidence of fi-  
22              nancial commitments and other resources for  
23              meeting the requirements of subsections (a) and  
24              (b) of section 107; and

1 (F) a certification that the applicant will  
2 comply with the requirements of this title and  
3 other applicable laws.

4 (d) ADDITIONAL REQUIREMENTS FOR STATES.—The  
5 homeless assistance strategy prepared by a State advisory  
6 board shall meet the requirements established under sec-  
7 tion 105(b)(2) of the Cranston-Gonzalez National Afford-  
8 able Housing Act and shall also include—

9 (1) a multiyear strategy for establishing and  
10 maintaining comprehensive homeless assistance sys-  
11 tems throughout the State, including the actions the  
12 State will take to achieve the goals set out in the  
13 strategy;

14 (2) a 1-year action plan identifying the criteria  
15 that the State will use in distributing amounts  
16 awarded under this title, the method of distribution,  
17 and the relationship of the method of distribution to  
18 the homeless assistance strategy;

19 (3) a description of how the strategy will ad-  
20 dress the problems of different subpopulations of the  
21 homeless, especially those of homeless veterans;

22 (4) a certification or other evidence of financial  
23 commitments and other resources, for meeting the  
24 requirements under subsections (a) and (b) of sec-  
25 tion 107 and assurances satisfactory to the Sec-

1       retary that State recipients will also meet these re-  
2       quirements; and

3           (5) a certification that the State and State re-  
4       cipients will comply with the requirements of this  
5       title and other applicable laws.

6   **SEC. 106. ELIGIBLE ACTIVITIES.**

7       Recipients may carry out the following activities with  
8       grants received under this title:

9           (1) OUTREACH AND ASSESSMENT.—Outreach  
10       and assessment activities designed to inform eligible  
11       individuals and families about availability of services  
12       and encourage the use of these services.

13          (2) PREVENTION.—Efforts to prevent homeless-  
14       ness, including financial assistance to an individual  
15       or family that has received an eviction notice, notice  
16       of mortgage foreclosure, or notice of termination of  
17       utility services, if—

18           (A) the individual or family cannot make  
19       the required payments due to a sudden reduc-  
20       tion of income or other financial emergency;

21           (B) the assistance is necessary to avoid the  
22       eviction, foreclosure, or termination of services;  
23       and

1 (C) there is a reasonable prospect that the  
2 individual or family will be able to resume pay-  
3 ments within a reasonable period of time.

4 (3) EMERGENCY HOUSING.—The provision of  
5 short-term emergency lodging in motels or shelters,  
6 either directly or indirectly through vouchers.

7 (4) ACQUISITION, CONSTRUCTION, OR RENOVA-  
8 TION.—The renovation, acquisition (and the costs  
9 associated with the acquisition of Federal inventory  
10 property to house homeless families), rehabilitation,  
11 new construction, or conversion of buildings to be  
12 used for the provision of services to the homeless.

13 (5) LEASING.—Leasing of an existing structure  
14 or structures, or units within these structures, in-  
15 cluding the provision of long-term rental assistance  
16 contracts.

17 (6) OPERATING COSTS.—Operating costs in-  
18 cluding salaries and benefits, maintenance, insur-  
19 ance, utilities, and furnishings.

20 (7) TENANT ASSISTANCE.—The provision of se-  
21 curity or utility deposits, rent or utility payments for  
22 the first month of residence at a new location, and  
23 relocation assistance.

24 (8) SUPPORTIVE SERVICES.—The provision of  
25 essential supportive services, including case manage-

1       ment, housing counseling, job training and place-  
2       ment, primary health care, mental health services,  
3       substance abuse treatment, child care, transpor-  
4       tation, emergency food and clothing, family violence  
5       services, education services, moving assistance, and  
6       referrals to veterans services and legal services, ex-  
7       cept that not more than 30 percent of the aggregate  
8       amount of all assistance to a State, unit of general  
9       local government, or Indian tribe under this title  
10      may be used for activities under this paragraph.

11           (9) COSTS OF ADMINISTRATION.—The cost of  
12      administration, which may include the planning, de-  
13      velopment, and establishment, of a program under  
14      this title, the cost of constituting and operating the  
15      local board referred to in section 110(c), and the  
16      cost of administering the program, except that not  
17      more than 5 percent of any amounts provided to a  
18      recipient under this title for a fiscal year may be  
19      used for activities under this paragraph.

20           (10) CAPACITY BUILDING.—Building the capac-  
21      ity of private nonprofit organizations to participate  
22      in the comprehensive homeless assistance system of  
23      the recipient, except that not more than 2 percent  
24      of any amounts provided to a recipient under this

1 title for a fiscal year may be used for activities  
2 under this paragraph.

3 (11) OTHER ACTIVITIES.—Other activities that  
4 further the purposes of this title, as determined by  
5 the Secretary.

6 **SEC. 107. MATCHING REQUIREMENT AND MAINTENANCE**  
7 **OF EFFORT.**

8 (a) MATCHING REQUIREMENT.—

9 (1) IN GENERAL.—Each recipient under this  
10 title shall ensure that contributions totaling not less  
11 than 25 percent of the amounts made available to  
12 the recipient for any fiscal year to carry out the  
13 homeless assistance program of the recipient are  
14 from non-Federal sources. At the end of each pro-  
15 gram year, each recipient shall certify to the Sec-  
16 retary that it has complied with this section, and  
17 shall include with the certification a description of  
18 the sources and amounts of the matching funds.

19 (2) REDUCTION IN MATCHING REQUIRE-  
20 MENT.—

21 (A) IN GENERAL.—The Secretary shall re-  
22 duce the matching requirement under para-  
23 graph (1) during a fiscal year by—

24 (i) 50 percent for a jurisdiction that  
25 certifies that it is in fiscal distress; and

1 (ii) 100 percent for a jurisdiction that  
2 certifies that it is in severe fiscal distress.

3 (B) DEFINITIONS.—For the purposes of  
4 this subsection—

5 (i) the term “fiscal distress” means  
6 an allocation unit of general local govern-  
7 ment, Indian tribe, or Insular Area that  
8 satisfies one of the distress criteria set  
9 forth in subparagraph (C); and

10 (ii) the term “severe fiscal distress”  
11 means an allocation unit of general local  
12 government, Indian tribe, or Insular Area  
13 that satisfies both of the distress criteria  
14 set forth in subparagraph (C).

15 (C) DISTRESS CRITERIA.—For an alloca-  
16 tion unit of general local government, an Indian  
17 tribe, or an Insular Area certifying that it is  
18 distressed, the following criteria shall apply:

19 (i) POVERTY RATE.—The average  
20 poverty rate in the jurisdiction for the cal-  
21 endar year immediately preceding the year  
22 in which its fiscal year begins was equal to  
23 or greater than 125 percent of the average  
24 national poverty rate during such calendar

1 year (as determined according to informa-  
2 tion of the Bureau of the Census).

3 (ii) PER CAPITA INCOME.—The aver-  
4 age per capita income in the jurisdiction  
5 for the calendar year immediately preced-  
6 ing the year in which its fiscal year begins  
7 was less than 75 percent of the average  
8 national per capita income during such cal-  
9 endar year (as determined according to in-  
10 formation of the Bureau of the Census).

11 (D) STATES.—In determining the degree  
12 to which a State is in fiscal distress or severe  
13 fiscal distress, the Secretary shall use the same  
14 procedure used in accordance with section  
15 220(d)(4) of the Cranston-Gonzalez National  
16 Affordable Housing Act (42 U.S.C. 12750).

17 (E) WAIVER IN DISASTER AREAS.—If a re-  
18 cipient (other than a State) is located in an  
19 area in which a declaration of a disaster pursu-  
20 ant to the Robert T. Stafford Disaster Relief  
21 and Emergency Assistance Act is in effect for  
22 any part of a fiscal year, the Secretary may re-  
23 duce the matching requirement for that fiscal  
24 year under paragraph (1) during that fiscal  
25 year by not more than 100 percent.

1           (3) CALCULATION OF AMOUNTS.—In calculat-  
2       ing the amount of matching funds required under  
3       paragraph (1), a recipient may include—

4           (A) any funds derived from a non-Federal  
5       source;

6           (B) the value of any lease on a building;

7           (C) any salary paid to staff to carry out  
8       the program of the recipient;

9           (D) the value of the time and services con-  
10      tributed by volunteers, at a rate determined by  
11      the Secretary; and

12          (E) the proceeds from bond financing val-  
13      idly issued by a State or unit of general local  
14      government, agency, or instrumentality thereof,  
15      or political subdivision thereof, and repayable  
16      with revenues derived from a project assisted  
17      under this title, but not more than 25 percent  
18      of the contribution required under paragraph  
19      (1) may be derived from this source.

20      (b) LIMITATION ON USE OF FUNDS.—No assistance  
21      received under this title may be used to replace other  
22      funds previously used, or designated for use, by the State,  
23      State recipient, allocation unit of general local govern-  
24      ment, Indian tribe, or Insular Area to assist homeless indi-  
25      viduals and families.

1 **SEC. 108. ALLOCATION AND DISTRIBUTION OF FUNDS.**

2 (a) INDIAN TRIBES AND INSULAR AREAS.—

3 (1) ALLOCATION.—For each fiscal year, the  
4 Secretary shall allocate assistance under this title—

5 (A) to Indian tribes, in an amount equal to  
6 1.0 percent of the total appropriation under  
7 this title; and

8 (B) to Insular Areas, in an amount equal  
9 to 0.20 percent of the total appropriation under  
10 this title.

11 (2) DISTRIBUTION.—The Secretary shall pro-  
12 vide for the distribution of amounts reserved under  
13 this subsection for Indian tribes and Insular Areas  
14 pursuant to specific criteria or a distribution which  
15 shall be contained in a regulation issued by the Sec-  
16 retary.

17 (b) STATES AND ALLOCATION UNITS OF GENERAL  
18 LOCAL GOVERNMENT.—

19 (1) IN GENERAL.—For each fiscal year, of the  
20 amounts that remain after amounts are reserved for  
21 Indian tribes and Insular Areas under subsection  
22 (a), and for activities under subsection (e), the Sec-  
23 retary shall allocate assistance according to the for-  
24 mula described in paragraph (2).

25 (2) FORMULA.—

1           (A) ALLOCATION.—The Secretary shall al-  
2           locate amounts for allocation units of general  
3           local government and States in a manner that  
4           ensures that the percentage of the total amount  
5           available under this title for any fiscal year for  
6           any State or allocation unit of general local gov-  
7           ernment is equal to the percentage of the total  
8           amount available for section 106 of the Hous-  
9           ing and Community Development Act of 1974  
10          for such prior fiscal year that is allocated for  
11          such State or allocation unit of general local  
12          government.

13          (B) REALLOCATION.—If under the alloca-  
14          tion provisions applicable under this title, any  
15          allocation unit of general local government  
16          would receive a grant of less than 0.05 percent  
17          of the amounts appropriated to carry out this  
18          title for any fiscal year, such amount shall in-  
19          stead be reallocated to the State in which such  
20          allocation unit of general local government is lo-  
21          cated for use under section 109(c).

22          (C) PRO RATA INCREASES AND DE-  
23          CREASES.—

24                 (i) INCREASE.—All amounts allocated  
25                 pursuant to the preceding subparagraphs

1           for allocation units of general local govern-  
2           ment shall be increased on a pro rata basis  
3           until the aggregate of such amounts equals  
4           75 percent of the amounts appropriated  
5           under this title for each year.

6           (ii) DECREASE.—All amounts allo-  
7           cated pursuant to the preceding subpara-  
8           graphs for States shall be decreased on a  
9           pro rata basis until the aggregate of such  
10          amounts equals 25 percent of the amounts  
11          appropriated under this title for each year.

12          (3) MINIMUM GRANT AMOUNT.—Notwithstand-  
13          ing the provisions of paragraph (2), a State or allo-  
14          cation unit of general local government shall receive  
15          no less funding for homeless assistance distributed  
16          under a formula in 1996 than the average of the  
17          amounts awarded annually to that jurisdiction from  
18          funds appropriated for homeless assistance programs  
19          administered by the Secretary during fiscal years  
20          1987 through 1993.

21          (c) REALLOCATIONS.—Any amounts that a State or  
22          an allocation unit of general local government is eligible  
23          to receive under subsection (b) that are not received for  
24          use in the jurisdiction, as provided by subsections (a) and  
25          (b) of section 109, or that become available as a result

1 of actions under section 111(b), shall be added to amounts  
2 available for allocation under section 108 for the succeed-  
3 ing fiscal year.

4 (d) INSUFFICIENT APPROPRIATIONS.—

5 (1) COMPETITION.—If the amounts appro-  
6 priated under section 104(b) for any fiscal year are  
7 less than 50 percent of the amount authorized to be  
8 appropriated under that subsection for that year, the  
9 Secretary shall distribute the amounts appropriated  
10 to States, units of general local government, Indian  
11 tribes, Insular Areas, and private nonprofit organi-  
12 zations on the basis of a competition.

13 (2) CRITERIA FOR AWARDING GRANTS.—The  
14 criteria for awarding grants under paragraph (1)  
15 shall include—

16 (A) the extent to which there is a need for  
17 assistance for homeless individuals and families  
18 in the jurisdiction;

19 (B) the extent to which the proposed ac-  
20 tivities further the establishment and mainte-  
21 nance of a comprehensive homeless assistance  
22 system;

23 (C) the extent to which private nonprofit  
24 organizations providing assistance to homeless  
25 individuals and families in the jurisdiction have

1           been, and will be, included in planning for the  
2           receipt of assistance under this title, and the  
3           execution of the proposed activities;

4           (D) the capacity of the applicant to de-  
5           velop and operate a project;

6           (E) the need for the type of project pro-  
7           posed by the applicant in the area to be served;

8           (F) the extent to which the amount of as-  
9           sistance to be provided under this title will be  
10          supplemented with resources from other public  
11          and private sources;

12          (G) the extent to which the applicant has  
13          demonstrated coordination with other Federal,  
14          State, local, private and other entities serving  
15          homeless persons in the planning and operation  
16          of the project; and

17          (H) such other criteria as the Secretary  
18          deems appropriate to further the purposes of  
19          this paragraph and this title.

20          (e) TECHNICAL ASSISTANCE AND DEMONSTRATION  
21          AUTHORITY.—

22               (1) AUTHORIZATION.—The Secretary may  
23          make grants under this subsection to—

24               (A) demonstrate innovative methods of cre-  
25          ating comprehensive homeless assistance sys-

1           tems, including the coordination of efforts with  
2           other levels of government and other service  
3           providers and the filling of gaps in available  
4           services and resources; and

5           (B) provide technical assistance, training,  
6           startup funds, and other program funds (con-  
7           sistent with the eligible activities set forth in  
8           section 106) to support the creation of com-  
9           prehensive homeless assistance systems and to  
10          build nonprofit provider capacity in support of  
11          such systems.

12          (2) SELECTION CRITERIA.—The Secretary shall  
13          establish criteria for awarding grants under sub-  
14          section (e)(1)(A), which shall include—

15               (A) the extent of homelessness in the juris-  
16               diction;

17               (B) the extent to which the existing public  
18               and private systems for homelessness preven-  
19               tion, outreach, assessment, shelter, services,  
20               transitional services, transitional housing, and  
21               permanent housing available within the jurisdic-  
22               tion would benefit from additional resources to  
23               achieve a comprehensive approach to meeting  
24               the needs of individuals and families who are

1 homeless or who are very low-income and at  
2 risk of homelessness;

3 (C) the demonstrated commitment and ca-  
4 pacity of the jurisdiction to work cooperatively  
5 with the Secretary, nonprofit organizations,  
6 foundations, other private entities, and the com-  
7 munity to design and implement an initiative to  
8 achieve the purposes of this subsection;

9 (D) the demonstrated commitment of non-  
10 governmental organizations to commit financial  
11 and other resources to a comprehensive home-  
12 less assistance system in the jurisdiction;

13 (E) the commitment of the jurisdiction to  
14 make necessary changes in policy and procedure  
15 to provide flexibility and resources to implement  
16 and sustain the initiative;

17 (F) geographic diversity in the distribution  
18 of grants; and

19 (G) such other factors as the Secretary de-  
20 termines to be appropriate.

21 (3) USE OF APPROPRIATED FUNDS.—The Sec-  
22 retary may use not more than \$50,000,000 of the  
23 amounts appropriated to carry out subsection  
24 (e)(1)(A) in fiscal year 1996. The Secretary may use  
25 not more than \$25,000,000 to carry out subsection

1 (e)(1)(B) in fiscal year 1996. The total amount pro-  
2 vided to a single grant recipient under subsection  
3 (e)(1)(A) may not exceed \$5,000,000 in any fiscal  
4 year.

5 **SEC. 109. ADMINISTRATION OF PROGRAM.**

6 (a) IN GENERAL.—The Secretary shall prescribe  
7 such procedures and requirements as the Secretary deems  
8 appropriate for administering grant amounts under this  
9 title.

10 (b) ALLOCATION UNITS OF GENERAL LOCAL GOV-  
11 ERNMENT, INDIAN TRIBES, AND INSULAR AREAS.—

12 (1) IN GENERAL.—Except as provided in para-  
13 graphs (2) and (3), an allocation unit of general  
14 local government, Indian tribe, or Insular Area shall  
15 administer grant amounts received under section  
16 108 for any fiscal year.

17 (2) AGENCIES AND ORGANIZATIONS DES-  
18 IGNATED BY JURISDICTION.—

19 (A) DESIGNATION OF OTHER ENTITIES TO  
20 ADMINISTER GRANT AMOUNTS.—An allocation  
21 unit of general local government, Indian tribe,  
22 or Insular Area may elect for any fiscal year to  
23 designate a public agency or a private nonprofit  
24 organization (or a consortium of such organiza-

1           tions) to administer grant amounts under sec-  
2           tion 108 instead of the jurisdiction.

3           (B) EFFECT OF DESIGNATION.—The allo-  
4           cation unit of general local government, Indian  
5           tribe, or Insular Area shall remain the grantee  
6           for purposes of this title. The Secretary may, at  
7           the request of the jurisdiction, provide grant  
8           amounts directly to the agency or organization  
9           designated under this paragraph.

10          (3) ADMINISTRATION OF GRANT BY SEC-  
11         RETARY.—If an allocation unit of general local gov-  
12         ernment, Indian tribe, or Insular Area, or (if appro-  
13         priate) a public agency or private nonprofit organi-  
14         zation designated by the jurisdiction under para-  
15         graph (2), does not receive a grant under section  
16         108 for any fiscal year because of failure to meet the  
17         application requirements of section 105, the Sec-  
18         retary shall designate the State or a local private  
19         nonprofit organization to administer the program or  
20         distribute the funds to private nonprofit organiza-  
21         tions within that jurisdiction on the basis of a com-  
22         petition.

23         (c) STATES.—

24           (1) IN GENERAL.—Each State shall elect to ei-  
25         ther—

1 (A) administer grant amounts received  
2 under section 108, as provided by paragraphs  
3 (2) and (3); or

4 (B) have the Secretary administer these  
5 amounts instead of the State, as provided by  
6 paragraph (4).

7 If a State elects to administer grant amounts under  
8 subparagraph (A), the election shall be permanent  
9 and final.

10 (2) STATE PROGRAM.—Of amounts referred to  
11 in paragraph (1)(A), the State—

12 (A) may use not more than 15 percent to  
13 carry out its own homeless assistance program  
14 under this title, except that these amounts may  
15 only be used for eligible activities under section  
16 106; and

17 (B) shall distribute the remaining amounts  
18 to—

19 (i) State recipients for use under this  
20 title; or

21 (ii) in the case of an area of the State  
22 with significant homeless needs where no  
23 State recipient is identified, directly to one  
24 or more private nonprofit organizations  
25 serving that area.

1 Not more than 20 percent of any amounts received  
2 in a fiscal year by States may be used to carry out  
3 activities in allocation units of general local govern-  
4 ment.

5 (3) DISTRIBUTION OF AMOUNTS TO STATE RE-  
6 CIPIENTS.—

7 (A) IN GENERAL.—

8 (i) OPTIONS FOR RECIPIENTS.—A  
9 State distributing amounts to State recipi-  
10 ents under paragraph (1)(A) shall, for  
11 each fiscal year, afford each such recipient  
12 the options of—

13 (I) administering the grant  
14 amounts on its own behalf;

15 (II) designating a public agency  
16 or a private nonprofit organization (as  
17 provided by subsection (b)(2)) to ad-  
18 minister the grant amounts instead of  
19 the jurisdiction; or

20 (III) entering into an agreement  
21 with the State, in consultation with  
22 private nonprofit organizations provid-  
23 ing assistance to homeless individuals  
24 and families in the jurisdiction, under  
25 which the State will administer the

1 grant amounts instead of the jurisdic-  
2 tion.

3 (ii) EFFECT OF DESIGNATION.—A  
4 State recipient designating an agency or  
5 organization as provided by clause (i)(II),  
6 or entering into an agreement with the  
7 State under clause (i)(III), shall remain  
8 the State recipient for purposes of this  
9 title. The State may, at the request of the  
10 State recipient, provide grant amounts di-  
11 rectly to the agency or organization des-  
12 ignated under clause (i)(II).

13 (B) APPLICATION.—(i) The State shall dis-  
14 tribute amounts to State recipients (or to agen-  
15 cies or organizations designated under subpara-  
16 graph (A)(i)(II), as appropriate) on the basis of  
17 an application containing such information as  
18 the State may prescribe, except that each appli-  
19 cation shall reflect the State's application re-  
20 quirements in section 105(d) and evidence an  
21 intent to establish a comprehensive homeless as-  
22 sistance system.

23 (ii) The State may waive the requirements  
24 in clause (i) with respect to one or more pro-

1           posed activities, where the State determines  
2           that—

3                       (I) the activities are necessary to meet  
4                       the needs of homeless individuals and fam-  
5                       ilies within the jurisdiction; and

6                       (II) a comprehensive homeless assist-  
7                       ance system is not necessary, due to the  
8                       nature and extent of homelessness in the  
9                       jurisdiction.

10               (C) PREFERENCE.—In selecting State re-  
11               cipients and making awards under subpara-  
12               graph (B), the State shall give preference to ap-  
13               plications that demonstrate higher relative lev-  
14               els of homeless need and fiscal distress.

15               (4) HUD ADMINISTRATION OF STATE PRO-  
16               GRAM.—If a State elects to have the Secretary ad-  
17               minister its grant amounts under section 107, as  
18               provided by paragraph (1)(B), the Secretary may  
19               distribute grant amounts within the State on a com-  
20               petitive basis, using the criteria established in sec-  
21               tion 107(d)(2), to—

22                       (A) units of general local government;

23                       (B) public agencies or private nonprofit  
24               agencies designated by units of general local  
25               government; or

1 (C) private nonprofit organizations.

2 (d) NONPROFIT HOMELESS PROVIDERS.—Each  
3 grantee shall make available not less than 51 percent of  
4 the grant amounts it receives for any fiscal year to private  
5 nonprofit organizations that provide assistance to home-  
6 less individuals and families to carry out activities under  
7 this title. The Secretary may waive or reduce this require-  
8 ment where a grantee can demonstrate that no private  
9 nonprofit providers exist or where those private nonprofit  
10 providers that do exist lack the capacity to address the  
11 needs of the homeless population.

12 **SEC. 110. CITIZEN PARTICIPATION.**

13 (a) IN GENERAL.—Each recipient shall ensure that  
14 citizens, and appropriate private nonprofit organizations  
15 and other interested groups and entities, participate fully  
16 in the development and carrying out of the program au-  
17 thorized under this title. The Secretary shall prescribe  
18 such requirements to carry out this section as the Sec-  
19 retary deems appropriate, which shall include require-  
20 ments applicable to the citizen participation provisions of  
21 subsection (b), the local boards referred to in subsection  
22 (c), and the requirements for States under provisions of  
23 subsection (d) and the timing of, and sequence for, carry-  
24 ing out the requirements of those subsections.

1       (b) SPECIFIC REQUIREMENTS FOR THE INVOLVE-  
2   MENT OF CITIZENS AND OTHERS.—

3           (1) IN GENERAL.—Each recipient shall—

4               (A) make available to its citizens, public  
5               agencies, and other interested parties informa-  
6               tion concerning the amount of assistance the ju-  
7               risdiction expects to receive and the range of  
8               activities that may be undertaken with the as-  
9               sistance;

10              (B) publish the proposed application in a  
11              manner that, in the determination of the Sec-  
12              retary, affords affected citizens, public agencies,  
13              and other interested parties a reasonable oppor-  
14              tunity to examine its content and to submit  
15              comments on it;

16              (C) hold one or more public hearings to ob-  
17              tain the views of citizens, public agencies, and  
18              other interested parties on the needs of home-  
19              less individuals and families in the jurisdiction  
20              at a time and a location that will ensure maxi-  
21              mum potential participation; and

22              (D) provide citizens, public agencies, and  
23              other interested parties with reasonable access  
24              to records regarding any uses of any assistance

1           the recipient may have received during the pre-  
2           ceding 5 years.

3           (2) NOTICE AND COMMENT.—Before submitting  
4           any performance report under section 111(a) or sub-  
5           stantial amendment to an application under section  
6           105, a recipient shall provide citizens with reason-  
7           able notice of, and opportunity to comment on, such  
8           performance report or application before its submis-  
9           sion.

10          (3) CONSIDERATION OF COMMENTS.—A recipi-  
11          ent shall consider any comments or views of citizens  
12          in preparing a final application, amendment to an  
13          application or performance report for submission. A  
14          summary of such comments or views shall be at-  
15          tached when an application, amendment to an appli-  
16          cation, or performance report is submitted. The sub-  
17          mitted application, amendment, or report shall be  
18          made available to the public.

19          (c) LOCAL BOARDS.—

20          (1) ESTABLISHMENT AND FUNCTION.—The  
21          chief executive of each allocation unit of general  
22          local government, Indian tribe, Insular Area, or  
23          State recipient shall establish, select, and support a  
24          local board, which shall assist the jurisdiction in—

1 (A) determining whether the grant should  
2 be administered by the jurisdiction, a public  
3 agency or private nonprofit organization, or the  
4 State or the Secretary, as appropriate, under  
5 subsection (b) and (c) of section 109;

6 (B) developing the application under sec-  
7 tion 105;

8 (C) overseeing the activities carried out  
9 with assistance under this title; and

10 (D) preparing the performance report  
11 under section 111(a).

12 (2) COMPOSITION OF BOARD.—The composition  
13 of each local board shall be as follows:

14 (A) MAJORITY OF BOARD.—Not less than  
15 51 percent of its members shall represent the  
16 following:

17 (i) Homeless individuals and families.

18 (ii) Homeless advocates.

19 (iii) Individuals and entities providing  
20 assistance to homeless individuals and  
21 families.

22 (B) REMAINDER OF BOARD.—The remain-  
23 der of the board shall represent the following:

24 (i) The business community.

25 (ii) Neighborhood advocates.

1 (iii) Government officials.

2 (3) DISTRIBUTION OF MEMBERSHIP.—The  
3 membership of each local board meeting the criteria  
4 in paragraph (2)(A) shall have been nominated by  
5 individuals and entities, other than a governmental  
6 jurisdiction, that represent these groups. In selecting  
7 a board, the chief executive officer of the jurisdiction  
8 shall, to the maximum extent practicable, select local  
9 board members who will improve access to a broad  
10 range of services for homeless individuals and fami-  
11 lies and who are sensitive to the varying needs of  
12 homeless individuals and families. Each local board  
13 shall include members who, to the maximum extent  
14 practicable and consistent with local needs, represent  
15 the different homeless subpopulations in that com-  
16 munity, including veterans, the mentally ill, families  
17 with children, young persons, battered spouses, vic-  
18 tims of substance abuse, and persons with AIDS.

19 (4) REVIEW BY SECRETARY.—The Secretary  
20 may waive the requirements of paragraphs (2) and  
21 (3) if the jurisdiction has an existing local board  
22 that substantially meets the requirements of such  
23 paragraphs.

1 (d) REQUIREMENTS FOR THE SECRETARY AND  
2 STATES DISTRIBUTING AMOUNTS TO STATE RECIPI-  
3 ENTS.—

4 (1) STATE PROGRAMS.—The Secretary may  
5 prescribe citizen participation requirements for  
6 States, including a requirement for State advisory  
7 boards. Such requirements shall be comparable (to  
8 the extent appropriate) to those contained in the  
9 preceding provisions of this section.

10 (2) The Secretary may prescribe citizen partici-  
11 pation requirements where:

12 (A) A State or a private nonprofit organi-  
13 zation is administering the grant amounts of an  
14 allocation unit of general local government, as  
15 provided by section 108(b)(3).

16 (B) The Secretary is distributing grant  
17 amounts to State recipients, as provided by sec-  
18 tion 108(c)(1)(B). Such requirements shall be  
19 comparable (to the extent appropriate) to those  
20 contained in the preceding provisions of this  
21 section.

22 (3) LAWS INAPPLICABLE.—The following provi-  
23 sions of law shall not apply with respect to the ac-  
24 tions of the Secretary referred to in paragraph (2):

25 (A) The Federal Advisory Committee Act.

1 (B) Section 103 of the Department of  
2 Housing and Urban Development Reform Act  
3 of 1989.

4 The Secretary shall establish appropriate standards  
5 under this paragraph to ensure the integrity of the  
6 process for awarding assistance.

7 **SEC. 111. REPORTS, REVIEWS, AND AUDITS.**

8 (a) GRANTEE PERFORMANCE REPORT.—Each grant-  
9 ee shall submit to the Secretary a performance and evalua-  
10 tion report prepared by the State advisory board or the  
11 local board concerning the use of funds made available  
12 under this title. To the extent that the chief executive offi-  
13 cer of the grantee has made changes to the report, the  
14 submission shall also include the comments of the State  
15 advisory board or local board. The report shall be submit-  
16 ted at such time and contain such information as the Sec-  
17 retary shall prescribe, and shall be made available to citi-  
18 zens, public agencies, and other interested parties in the  
19 jurisdiction of the grantee in sufficient time to permit the  
20 citizens, public agencies, and other interested parties to  
21 comment on the report before its submission.

22 (b) REVIEWS AND AUDITS.—

23 (1) IN GENERAL.—The Secretary shall, not less  
24 than annually, make such reviews and audits as may  
25 be necessary or appropriate to determine—

1 (A) in the case of a grantee (other than a  
2 grantee referred to in subparagraph (B)),  
3 whether the grantee—

4 (i) has carried out its activities in a  
5 timely manner;

6 (ii) has made progress toward estab-  
7 lishing and maintaining the comprehensive  
8 homeless assistance system in conformity  
9 with its application under this title; and

10 (iii) has carried out its activities and  
11 certifications in accordance with the re-  
12 quirements of this title and other applica-  
13 ble laws; and

14 (B) in the case of States distributing grant  
15 amounts to State recipients, whether the  
16 State—

17 (i) has distributed amounts to State  
18 recipients in a timely manner and in con-  
19 formance with the method of distribution  
20 described in its application;

21 (ii) has carried out its activities and  
22 certifications in compliance with the re-  
23 quirements of this title and other applica-  
24 ble laws; and

1 (iii) has made such reviews and audits  
2 of the State recipients as may be necessary  
3 or appropriate to determine whether they  
4 have satisfied the applicable performance  
5 criteria contained in subparagraph (A).

6 (2) ADJUSTMENTS.—The Secretary may reduce  
7 or condition a grant if the Secretary determines that  
8 the grantee has failed to substantially comply with  
9 the requirements of this title. With respect to assist-  
10 ance made available for State recipients, the Sec-  
11 retary may reduce or condition such assistance, or  
12 take other action as appropriate in accordance with  
13 the Secretary’s reviews and audits under this sub-  
14 section, except that funds already properly expended  
15 on eligible activities under this title shall not be re-  
16 captured or deducted from future assistance to such  
17 recipients. No assistance shall be reduced or condi-  
18 tioned unless the recipient has had reasonable notice  
19 and opportunity for a hearing.

20 **SEC. 112. NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES.**  
21

22 (a) IN GENERAL.—No person in the United States  
23 shall, on the ground of race, color, national origin, reli-  
24 gion, or sex, be excluded from participation in, be denied  
25 the benefits of, or be subjected to discrimination under

1 any program or activity funded in whole or in part with  
2 funds made available under this title. Any prohibition  
3 against discrimination on the basis of age under the Age  
4 Discrimination Act of 1975 or with respect to an otherwise  
5 qualified handicapped individual, as provided in section  
6 504 of the Rehabilitation Act of 1973, shall also apply  
7 to any such program or activity.

8 (b) LIMITATIONS.—

9 (1) INDIAN TRIBES.—No grant may be made to  
10 an Indian tribe under this title unless the applicant  
11 provides satisfactory assurances that its program  
12 will be conducted and administered in conformity  
13 with title II of Public Law 90–284. The Secretary  
14 may waive, in connection with grants to Indian  
15 tribes, the provisions of subsection (a).

16 (2) HAWAIIAN HOME LANDS.—Nothing in this  
17 title relating to discrimination on the basis of race  
18 shall apply to the provision of assistance to the Ha-  
19 waiian Home Lands.

20 **SEC. 113. CONSULTATION.**

21 In carrying out the provisions of this title, including  
22 the issuance of regulations, the Secretary shall consult  
23 with other Federal departments and agencies administer-  
24 ing programs affecting homeless individuals and families.

1 **SEC. 114. RECORDS, REPORTS, AND AUDITS.**

2 (a) KEEPING OF RECORDS.—Any recipient shall keep  
3 such records as may be reasonably necessary—

4 (1) to disclose the amounts and the disposition  
5 of the grant amounts, including types of activities  
6 funded and the nature of populations served with  
7 these funds; and

8 (2) to ensure compliance with the requirements  
9 of this title.

10 (b) ACCESS TO DOCUMENTS BY THE SECRETARY.—  
11 The Secretary shall have access for the purpose of audit  
12 and examination to any books, documents, papers, and  
13 records of any recipient specified in subsection (a) that  
14 are pertinent to grant amounts received in connection with  
15 this title.

16 (c) ACCESS TO DOCUMENTS BY THE COMPTROLLER  
17 GENERAL.—The Comptroller General of the United  
18 States, or any duly authorized representative of the Comp-  
19 troller General, shall have access for the purpose of audit  
20 and examination to any books, documents, papers, and  
21 records of any recipient specified in subsection (a) that  
22 are pertinent to grant amounts received in connection with  
23 this title.

24 **SEC. 115. ANNUAL REPORT TO CONGRESS.**

25 The Secretary shall submit a report to the Congress  
26 annually, summarizing the activities carried out under this

1 title, and setting forth the findings, conclusions, and rec-  
2 ommendations of the Secretary as a result of the activities.  
3 The report shall be submitted not later than 4 months  
4 after the end of each fiscal year (except that for fiscal  
5 year 1996, the report shall be submitted not later than  
6 6 months after the end of the fiscal year).

7 **SEC. 116. IMPLEMENTATION.**

8 (a) NOTICE AND COMMENT.—The Secretary shall, by  
9 proposed rule published for notice and comment in the  
10 Federal Register, establish such requirements as may be  
11 necessary to carry out the provisions of this title.

12 (b) NOTICES OF FUNDING AVAILABILITY.—The Sec-  
13 retary shall publish a notice of funding availability not  
14 later than 60 days after funds are appropriated to carry  
15 out this title.

16 **SEC. 117. TRANSITION PROVISIONS.**

17 (a) FISCAL YEAR 1995.—

18 (1) ACTIVITIES UNDER TITLE IV OF THE STEW-  
19 ART B. MCKINNEY HOMELESS ASSISTANCE ACT.—  
20 There are authorized to be appropriated for fiscal  
21 year 1995 to carry out title IV of the Stewart B.  
22 McKinney Homeless Assistance Act—

23 (A) \$120,000,000 for the activities under  
24 subtitle B;

1 (B) \$705,000,000 for the activities under  
2 subtitle C; and

3 (C) \$100,000,000 for the activities under  
4 section 441.

5 (2) TECHNICAL ASSISTANCE AND DEMONSTRATIONS.—There are authorized to be appropriated for  
6 fiscal year 1995—

8 (A) \$50,000,000 for activities authorized  
9 under section 107(e)(1)(A); and

10 (B) \$25,000,000 for activities authorized  
11 under section 107(e)(1)(B).

12 (3) PREFERENCE.—Except for grants provided  
13 under subtitle B and notwithstanding any other pro-  
14 vision of law, in making grants with funds appro-  
15 priated under this subsection for fiscal year 1995,  
16 the Secretary shall give preference to applicants that  
17 have established a local board, as described in sec-  
18 tion 110, and that have developed a comprehensive  
19 homeless assistance system, consistent with the pur-  
20 poses of this title. The Secretary shall review care-  
21 fully all grant applications from underserved areas  
22 and rural areas with significant populations of  
23 homeless individuals and families.

24 (b) REPEALS.—

1           (1) STEWART B. MCKINNEY HOMELESS ASSIST-  
2       ANCE ACT.—Title IV of the Stewart B. McKinney  
3       Homeless Assistance Act (42 U.S.C. 11361 et seq.)  
4       is amended by striking subtitles D, F, and G.

5           (2) INNOVATIVE HOMELESS INITIATIVES DEM-  
6       ONSTRATION PROGRAM.—Section 2 of the HUD  
7       Demonstration Act of 1993 (42 U.S.C. 11301 note)  
8       is hereby repealed.

9       (c) REPEAL OF EXISTING PROGRAMS.—Effective Oc-  
10      tober 1, 1995, title IV of the Stewart B. McKinney Home-  
11      less Assistance Act (42 U.S.C. 11361 et seq.) is amended  
12      by striking—

13           (1) subtitles B and C; and

14           (2) section 441.

15       (d) SAVINGS PROVISION.—The provisions of law re-  
16      pealed by subsections (b) and (c) shall continue to apply  
17      to grants and contracts entered into under such provisions  
18      prior to the date of enactment of this Act.

1     **TITLE II—PUBLIC AND INDIAN**  
 2             **HOUSING**  
 3     **Subtitle A—Enhanced Flexibility**  
 4             **for Public Housing Agencies**

5     **SEC. 201. PUBLIC HOUSING DIRECT LOANS.**

6             Title I of the United States Housing Act of 1937 (42  
 7     U.S.C. 1437 et seq.) is amended by adding at the end  
 8     the following new section:

9     **“SEC. 27. PUBLIC HOUSING DIRECT LOANS.**

10            “(a) GENERAL AUTHORIZATION.—The Secretary  
 11     may, upon such terms and conditions as the Secretary  
 12     may prescribe, make loans to public housing agencies (or  
 13     partnerships including these agencies) eligible for com-  
 14     prehensive modernization grants under section 14.

15            “(b) TERMS AND CONDITIONS.—

16                “(1) CRITERIA FOR APPROVAL.—In approving  
 17     an application under this section, the Secretary may  
 18     consider—

19                    “(A) the ability of the public housing agen-  
 20     cy to use the proceeds of the loan effectively, di-  
 21     rectly or through contract management;

22                    “(B) the adequacy of remaining future al-  
 23     locations in providing repairs, replacements,  
 24     and improvements that will be needed as a re-

1           sult of usage and depreciation of existing  
2           projects over the loan period; and

3           “(C) such other criteria as the Secretary  
4           may specify.

5           “(2) SPECIAL CONDITIONS.—Notwithstanding  
6           paragraph (1), the Secretary may approve a loan  
7           under this section only if the Secretary determines  
8           that—

9                   “(A) the public housing agency has an ac-  
10                  ceptable rate of obligation of funds under sec-  
11                  tion 14; or

12                   “(B) the public housing agency agrees to  
13                  administer the loan proceeds through a contract  
14                  with a management company with dem-  
15                  onstrated expertise in managing development  
16                  projects.

17           “(3) TERM OF LOAN.—Loans under this section  
18           shall be for a term consistent with the term of other  
19           private debt on the project, but not to exceed 30  
20           years.

21           “(4) INTEREST RATE.—Loans under this sec-  
22           tion shall bear interest at a rate equal to the average  
23           current market yields on all outstanding marketable  
24           obligations of the United States with remaining  
25           terms to maturities comparable to the average matu-

1       rities of loans under this section, plus amounts suffi-  
2       cient to cover servicing costs, plus 150 basis points.

3       “(5) SUBORDINATION.—Loans under this sec-  
4       tion may be subordinated to other debt contracted  
5       by the public housing agency or the partnership in-  
6       cluding the agency.

7       “(6) SUBSIDY AMOUNT.—Based on the public  
8       housing agency’s pledged sources of repayments (in-  
9       cluding rents and other anticipated income streams),  
10      the Director of the Office of Management and Budg-  
11      et, in consultation with the Secretary, shall establish  
12      a subsidy cost, if any, as defined by the Federal  
13      Credit Reform Act of 1990, for each loan to the  
14      agency.

15      “(7) PREMIUM AMOUNT.—A premium amount  
16      shall be assessed to cover the subsidy amount associ-  
17      ated with each loan so that the resulting net subsidy  
18      cost to the Federal Government is zero. This pre-  
19      mium shall be paid from the amount the public  
20      housing agency receives under the comprehensive  
21      grant program under section 14 in the year the loan  
22      is originated.

23      “(c) AUTHORIZATION.—To the extent provided in ap-  
24      propriations Acts, the Secretary may enter into commit-  
25      ments to make loans under this section with an aggregate

1 principal amount of \$2,000,000,000 for each of the fiscal  
2 years 1995 and 1996.

3 “(d) LOAN LIMIT.—The total outstanding principal  
4 amount of loans under this section made to a public hous-  
5 ing agency (excluding any amount repaid) may not exceed  
6 5 times the amount of the public housing agency’s latest  
7 comprehensive modernization grant under section 14.

8 “(e) USE OF COMPREHENSIVE MODERNIZATION  
9 GRANTS.—Notwithstanding any other provision of this  
10 title, comprehensive modernization grants or allocations  
11 under this title to the public housing agency (including  
12 program income derived therefrom) may be used by the  
13 public housing agency or by the Secretary for the payment  
14 of premiums due on any loan under this section.

15 “(f) PROGRAM REQUIREMENTS.—To assure the full  
16 repayment of a loan made under this section and as a  
17 prior condition for receiving the loan, the Secretary shall  
18 require the public housing agency (or the partnership in-  
19 cluding the agency) to—

20 “(1) enter into a contract for repayment of the  
21 loan and the other specified charges;

22 “(2) pledge financial resources, including rental  
23 and other income, for repayment of the loan; and

24 “(3) furnish such other security as may be ap-  
25 propriate, including the land, the units financed with

1       the loan, public housing units in the project financed  
2       by the loan, or other land or housing owned by the  
3       agency or the proceeds of disposition thereof.

4       “(g) EQUITY REQUIREMENTS.—The Secretary shall  
5       require the public housing agency (or the partnership in-  
6       cluding the agency) to contribute 30 percent equity to any  
7       project financed with a loan under this section. For the  
8       purpose of this subsection, the term ‘equity’ includes a  
9       contribution made from Federal or non-Federal sources,  
10      the value of land donated by the public housing agency  
11      or the local jurisdiction, and the value of units developed  
12      as part of the project using funds under section 5(a)(2),  
13      section 14, or section 24.

14      “(h) PROGRAM ADMINISTRATION.—If the Secretary  
15      finds that 50 percent of the annual loan authority has  
16      been committed, or public housing agencies have applied  
17      for such commitments, the Secretary may impose limita-  
18      tions on the amount of loans any public housing agency  
19      may receive in any fiscal year.

20      “(i) TRAINING AND INFORMATION.—The Secretary  
21      may carry out training and information collection and dis-  
22      semination activities in support of this section using funds  
23      otherwise set aside for technical assistance under section  
24      14.

1       “(j) AFFORDABILITY.—The public housing agency  
 2 shall establish rents for units developed with the proceeds  
 3 of a loan under this section at a level that is affordable  
 4 for families with incomes that do not exceed 80 percent  
 5 of the median income for the area or other applicable limi-  
 6 tation on rents.”.

7       **SEC. 202. USE OF MODERNIZATION FUNDS FOR REPLACE-**  
 8                                   **MENT HOUSING.**

9       Section 14 of the United States Housing Act of 1937  
 10 (42 U.S.C. 1437l) is amended by adding at the end the  
 11 following new subsection:

12       “(q) USE OF MODERNIZATION FUNDS FOR RE-  
 13 PLACEMENT HOUSING.—A public housing agency may use  
 14 assistance under this section for the development or acqui-  
 15 sition of additional housing under this title, in accordance  
 16 with requirements applicable to the development or acqui-  
 17 sition of public housing, to provide replacement housing  
 18 as required by section 18 if—

19               “(1) the public housing agency has developed a  
 20 plan that balances development activities with ongo-  
 21 ing needs under the modernization program;

22               “(2) the total amount of the public housing  
 23 agency’s annual grant under this section that is used  
 24 for replacement housing under this subsection does  
 25 not exceed 50 percent; and

1           “(3) the development of housing under this sub-  
 2           section is justifiable based on the relative long-term  
 3           cost of development to modernization and other fac-  
 4           tors as determined by the Secretary, including  
 5           project redesign, reducing population densities, and  
 6           the remaining useful life of the existing structure.”.

7   **SEC. 203. USE OF PUBLIC-PRIVATE PARTNERSHIPS IN MOD-**  
 8                           **ERNIZING PUBLIC HOUSING.**

9           Section 14(c)(1) of the United States Housing Act  
 10 of 1937 (42 U.S.C. 1437l(c)(1)) is amended by inserting  
 11 before the semicolon the following: “or, as determined by  
 12 the Secretary, controlled by public housing agencies”.

13   **SEC. 204. REPORT.**

14           Not later than 2 years after the date of enactment  
 15 of this Act, the Secretary shall submit to the Congress  
 16 a report detailing the effects of the amendments made by  
 17 sections 201, 202, and 203, including—

18           (1) activities carried out using the authorities  
 19           provided in such amendments;

20           (2) activities carried out with assistance pro-  
 21           vided under section 14(c)(1) of the United States  
 22           Housing Act of 1937;

23           (3) the amount of public and private investment  
 24           being committed to modernization and replacement  
 25           housing; and

1           (4) the number of units assisted under section  
 2           14(c)(1) of the United States Housing Act of 1937  
 3           and the cost per unit.

4   **SEC. 205. MODIFICATION OF THE EARLY CHILDHOOD DE-**  
 5                           **VELOPMENT PROGRAM.**

6           Section 222 of the Housing and Urban-Rural Recov-  
 7   ery Act of 1983 (12 U.S.C. 1701z-6 note) is amended—

8           (1) by striking the section heading and insert-  
 9           ing the following:

10          “EARLY CHILDHOOD DEVELOPMENT PROGRAMS FOR  
 11   PUBLIC HOUSING RESIDENTS AND HOMELESS FAMILIES”;

12           (2) in subsection (a)(1), by inserting before the  
 13   period the following: “and for homeless families with  
 14   children, as defined in section 103 of the Stewart B.  
 15   McKinney Homeless Housing Assistance Reorga-  
 16   nization Act of 1994”;

17           (3) in subsection (b)(1), by inserting before the  
 18   semicolon the following: “, except that the Secretary  
 19   may make a grant to provide additional assistance  
 20   for an existing child care center assisted under this  
 21   section or to expand an existing child care center re-  
 22   gardless of whether or not such center was pre-  
 23   viously assisted under this section”;

24           (4) in subsection (c)—

25                   (A) by redesignating paragraphs (2) and

26                   (3) as paragraphs (3) and (4), respectively; and

1 (B) by inserting after paragraph (1) the  
 2 following new paragraph:

3 “(2) take into account the proximity of facilities  
 4 for homeless families to the proposed site at which  
 5 the services are to be provided;” and

6 (5) in subsection (g), by striking the first 2 sen-  
 7 tences and inserting the following: “There are au-  
 8 thorized to be appropriated to carry out this section  
 9 \$15,000,000 for fiscal year 1995 and \$15,450,000  
 10 for fiscal year 1996.”.

11 **SEC. 206. ENTREPRENEURIAL PHAS AND RMCS.**

12 (a) AUTHORIZATION OF DEMONSTRATIONS.—

13 (1) IN GENERAL.—The Secretary may author-  
 14 ize public housing agencies and resident manage-  
 15 ment corporations to conduct demonstrations that—

16 (A) test the extent to which aspects of the  
 17 public housing program may be exempt from  
 18 certain statutory requirements while continuing  
 19 to serve eligible families; and

20 (B) permit agencies and resident manage-  
 21 ment corporations to set policies for the oper-  
 22 ation, maintenance, management, and develop-  
 23 ment (including modernization) of one or more  
 24 projects, without regard to the requirements ap-

1           plicable to public housing in the United States  
2           Housing Act of 1937.

3           (2) APPLICABILITY OF STATE AND LOCAL  
4           LAW.—In establishing policies under paragraph  
5           (1)(B), agencies and resident management corpora-  
6           tions shall be bound by any applicable State or local  
7           law.

8           (3) TERM.—A demonstration may be approved  
9           for a term of not more than 5 years.

10          (b) EXPEDITED WAIVERS AND DEREGULATION.—  
11       The Secretary shall establish a system for expedited waiv-  
12       ers of regulations for public housing agencies and resident  
13       management corporations selected under this section.

14          (c) SELECTION OF AGENCIES AND RMCs.—The Sec-  
15       retary may select not more than 25 public housing agen-  
16       cies or resident management corporations (or a combina-  
17       tion of both) to carry out demonstrations under this sec-  
18       tion. The Secretary shall select agencies based on selection  
19       criteria including such factors as—

20               (1) the need for a range of project sizes;

21               (2) the need for a range of types of public hous-  
22       ing agencies and resident management corporations;  
23       and

24               (3) the potential effects and benefits the vari-  
25       ations proposed by the agency or resident manage-

1       ment corporation could have on the public housing  
2       program if the variations were adopted for the whole  
3       program.

4       (d) REQUIREMENTS FOR DEMONSTRATIONS.—Each  
5       demonstration under this section—

6               (1) shall be approved by the Secretary;

7               (2) taken as a whole over the life of the dem-  
8       onstration, shall not result in higher net costs to the  
9       Federal Government;

10              (3) shall be consistent with the overall purposes  
11       of the public housing program;

12              (4) shall be evaluated by an independent party;  
13       and

14              (5) shall be consistent with the Fair Housing  
15       Act, title VI of the Civil Rights Act of 1964, section  
16       504 of the Rehabilitation Act of 1973, the Age Dis-  
17       crimination Act of 1975, and the National Environ-  
18       mental Policy Act of 1969.

19       (e) ADDITIONAL REQUIREMENTS.—In approving a  
20       demonstration under this section, the Secretary may im-  
21       pose such requirements as the Secretary considers to be  
22       appropriate to further the purposes of the demonstration.

23       (f) REPORTS.—

24              (1) ANNUAL PROGRESS REPORTS.—For each  
25       demonstration under this section, the public housing

1 agency or resident management corporation carrying  
 2 out the demonstration shall submit an annual  
 3 progress report to the Secretary.

4 (2) REPORTS TO CONGRESS.—Not later than 1  
 5 year after the date on which each demonstration is  
 6 completed, the Secretary shall submit a report to the  
 7 Congress evaluating the results of the demonstration  
 8 and making any recommendations for legislation.

9 (g) DEFINITIONS.—For purposes of this section, the  
 10 following definitions shall apply:

11 (1) PUBLIC HOUSING AGENCY.—The term  
 12 “public housing agency” or “agency” means a public  
 13 housing agency, as defined in section 3(b)(6) of the  
 14 United States Housing Act of 1937, and includes  
 15 Indian housing authorities.

16 (2) RESIDENT MANAGEMENT CORPORATION.—  
 17 “Resident management corporation” means a resi-  
 18 dent management corporation established in accord-  
 19 ance with requirements of the Secretary under sec-  
 20 tion 20 of the United States Housing Act of 1937.

21 **SEC. 207. DISALLOWANCE OF EARNED INCOME FOR RESI-**  
 22 **DENTS WHO OBTAIN EMPLOYMENT.**

23 (a) DISALLOWANCE OF EARNED INCOME FROM PUB-  
 24 LIC HOUSING RENT DETERMINATIONS.—

1           (1) IN GENERAL.—Section 3 of the United  
2 States Housing Act of 1937 (42 U.S.C. 1437a) is  
3 amended—

4           (A) by striking the undesignated para-  
5 graph at the end of subsection (c)(3) (as added  
6 by section 515(b) of Public Law 101–625); and

7           (B) by adding at the end the following new  
8 subsection:

9           “(d) DISALLOWANCE OF EARNED INCOME FROM  
10 PUBLIC HOUSING RENT DETERMINATIONS.—

11           “(1) IN GENERAL.—Notwithstanding any other  
12 provision of law, the rent payable under subsection  
13 (a) by a family—

14           “(A) that—

15           “(i) occupies a unit in a public hous-  
16 ing project; or

17           “(ii) receives assistance under section  
18 8; and

19           “(B) whose income increases as a result of  
20 employment of a member of the family who was  
21 previously unemployed for 1 or more years (in-  
22 cluding a family whose income increases as a  
23 result of the participation of a family member  
24 in the Family Self-Sufficiency Program or other  
25 job training program);

1       may not be increased for a period of 18 months, be-  
2       ginning with the commencement of employment as a  
3       result of the increased income due to such employ-  
4       ment.

5       “(2) TEN PERCENT LIMITATION.—After the ex-  
6       piration of the 18-month period referred to in para-  
7       graph (1), rent increases due to the continued em-  
8       ployment of such a family member shall be not more  
9       than 10 percent per year.

10       “(3) OVERALL LIMITATION.—Rent shall not ex-  
11       ceed the amount determined under subsection (a).”.

12       (2) APPLICABILITY OF AMENDMENT.—

13       (A) PUBLIC HOUSING.—Notwithstanding  
14       the amendment made by paragraph (1), any  
15       resident of public housing participating in the  
16       program under the authority contained in the  
17       undesignated paragraph at the end of section  
18       3(c)(3) of the United States Housing Act of  
19       1937, as such paragraph existed before the date  
20       of enactment of this Act, shall continue to be  
21       governed by such authority.

22       (B) SECTION 8.—The amendment made by  
23       paragraph (1) shall apply to assistance provided  
24       under section 8 of the United States Housing

1 Act of 1937 with funds appropriated on or after  
2 October 1, 1994.

3 (b) REPEAL.—Section 957 of the Cranston-Gonzalez  
4 National Affordable Housing Act (42 U.S.C. 12714) is  
5 hereby repealed.

6 **SEC. 208. CEILING RENTS BASED ON REASONABLE RENTAL**  
7 **VALUE.**

8 (a) RENTAL PAYMENTS.—Section 3(a)(2)(A)(iii) of  
9 the United States Housing Act of 1937 (42 U.S.C.  
10 1437a(a)(2)(A)(iii)) is amended to read as follows:

11 “(iii) is not less than the reasonable  
12 rental value of the unit, as determined by  
13 the Secretary.”.

14 (b) REGULATIONS.—

15 (1) IN GENERAL.—The Secretary shall, by reg-  
16 ulation, after notice and an opportunity for public  
17 comment, establish such requirements as may be  
18 necessary to carry out the provisions of section  
19 3(a)(2)(A) of the United States Housing Act of  
20 1937, as amended by subsection (a).

21 (2) TRANSITION RULE.—Prior to the issuance  
22 of final regulations under paragraph (1), a public  
23 housing agency may implement ceiling rents which  
24 shall be—

1 (A) determined in accordance with section  
2 3(a)(2)(A) of the United States Housing Act of  
3 1937, as such section existed before the date of  
4 enactment of this Act; or

5 (B) equal to the 95th percentile of the rent  
6 paid for a unit of comparable size by tenants in  
7 the same project or a group of comparable  
8 projects totaling 50 units or more.

9 **SEC. 209. AUTHORIZATION TO SELL PUBLIC HOUSING TO**  
10 **NONPROFIT ORGANIZATIONS.**

11 The first sentence of section 5(h) of the United  
12 States Housing Act of 1937 (42 U.S.C. 1437c(h)) is  
13 amended by striking “lower income tenants” and inserting  
14 “low-income families or to nonprofit organizations for re-  
15 sale to low-income families”.

16 **SEC. 210. WORKING FAMILIES IN PUBLIC HOUSING.**

17 Section 16 of the United States Housing Act of 1937  
18 (42 U.S.C. 1437n) is amended—

19 (1) in subsection (a), by striking “25” and in-  
20 serting “50”; and

21 (2) in subsection (b)(2), by striking “25” the  
22 first place it appears and inserting “50”.

1       **Subtitle B—Severely Distressed**  
 2       **Public Housing Program**

3       **SEC. 211. REVITALIZATION OF SEVERELY DISTRESSED PUB-**  
 4       **LIC HOUSING.**

5       (a) SEVERELY DISTRESSED PUBLIC HOUSING.—Sec-  
 6       tion 24 of the United States Housing Act of 1937 (42  
 7       U.S.C. 1437v) is amended as follows:

8               (1) DESIGNATION OF ELIGIBLE PROJECTS.—

9                       (A) Subsection (b) is amended to read as  
 10               follows:

11               “(b) [RESERVED].”.

12                       (B) Subsection (i)(2) is hereby repealed  
 13               and paragraphs (3) and (4) of subsection (i)  
 14               are redesignated as paragraphs (2) and (3), re-  
 15               spectively.

16               (2) INCREASE PLANNING GRANT DOLLAR  
 17       CAP.—Subsection (c)(2) is amended by striking  
 18       “\$200,000” and inserting “\$500,000”.

19               (3) PLANNING GRANT ELIGIBLE ACTIVITIES.—  
 20       Subsection (c)(3) is amended—

21                       (A) in subparagraph (G), by striking “de-  
 22               signing a suitable replacement housing plan”  
 23               and inserting “designing suitable relocation and  
 24               replacement housing plans,”;

1 (B) in subparagraph (H), by striking  
2 “and” at the end;

3 (C) in subparagraph (I), by striking the  
4 period at the end and inserting “; and”; and

5 (D) by adding at the end the following new  
6 subparagraph:

7 “(J) planning for community service and  
8 support service activities to be carried out by  
9 the public housing agency, residents, members  
10 of the community, and other persons and orga-  
11 nizations willing to contribute to the social, eco-  
12 nomic, or physical improvement of the commu-  
13 nity (community service is a required element of  
14 the revitalization program).”.

15 (4) PLANNING GRANT APPLICATION; COMMU-  
16 NITY SERVICE.—Subsection (c)(4) is amended—

17 (A) in subparagraph (D), by striking  
18 “and” at the end;

19 (B) in subparagraph (E), by striking the  
20 period at the end and inserting “; and”; and

21 (C) by adding at the end the following new  
22 subparagraph:

23 “(F) a description of the community serv-  
24 ice and support service planning activities to be  
25 carried out by the public housing agency, resi-

1           dents, members of the community, and other  
 2           persons and organizations willing to contribute  
 3           to the social, economic, or physical improvement  
 4           of the community.”.

5           (5) PLANNING GRANT SELECTION CRITERIA:  
 6           NATIONAL GEOGRAPHIC DIVERSITY.—Subsection  
 7           (c)(5) is amended—

8                   (A) in subparagraph (F), by inserting “,  
 9           taking into account the condition of the stock  
 10          of the public housing agency as a whole” before  
 11          the semicolon;

12                  (B) by striking subparagraph (E) and re-  
 13          designating subparagraphs (F) and (G) as sub-  
 14          paragraphs (E) and (F), respectively; and

15                  (C) by adding at the end the following  
 16          flush sentence:

17          “In making grants under this subsection, the Sec-  
 18          retary may select a lower-rated, approvable applica-  
 19          tion over a higher-rated application to increase the  
 20          national geographic diversity among applications ap-  
 21          proved under this section.”.

22           (6) APPROVAL OF PROGRAMS OF COMMUNITY  
 23          SERVICE ACTIVITIES BY THE CORPORATION FOR NA-  
 24          TIONAL AND COMMUNITY SERVICE.—

1 (A) PLANNING GRANT APPLICATIONS.—

2 Subsection (c)(6) is amended by adding at the  
3 end the following: “The Secretary may not ap-  
4 prove an application under this subsection un-  
5 less the Corporation for National and Commu-  
6 nity Service has approved the proposed program  
7 of community service planning activities.”.

8 (B) IMPLEMENTATION GRANT APPLICA-

9 TIONS.—Subsection (d)(5) is amended by in-  
10 sserting at the end the following: “The Secretary  
11 may not approve an application under this sub-  
12 section unless the Corporation for National and  
13 Community Service has approved the proposed  
14 program of community service activities.”.

15 (7) IMPLEMENTATION GRANT ELIGIBLE ACTIVI-

16 TIES.—Subsection (d)(2) is amended—

17 (A) in subparagraph (H), by striking  
18 “and” at the end;

19 (B) in subparagraph (I)—

20 (i) by inserting before the period the  
21 following: “, except that an amount equal  
22 to 15 percent of the amount of any grant  
23 under this subsection used for support  
24 services shall be contributed from non-Fed-  
25 eral sources (which contribution shall be in

1 the form of cash, administrative costs, and  
 2 the reasonable value of in-kind contribu-  
 3 tions)’; and

4 (ii) by striking the period at the end  
 5 and inserting ‘; and’; and

6 (C) by adding at the end the following new  
 7 subparagraphs:

8 “(J) community service and support serv-  
 9 ice activities to be carried out by the public  
 10 housing agency, residents, members of the com-  
 11 munity, and other persons willing to contribute  
 12 to the social, economic, or physical improvement  
 13 of the community (community service is a re-  
 14 quired element of the revitalization program);  
 15 and

16 “(K) replacement of public housing  
 17 units.”.

18 (8) IMPLEMENTATION GRANT APPLICATIONS:  
 19 COMMUNITY SERVICE.—Subsection (d)(3) is amend-  
 20 ed—

21 (A) in subparagraph (D), by striking  
 22 “and” at the end;

23 (B) in subparagraph (E), by striking the  
 24 period at the end and inserting ‘; and’; and

1 (C) by adding at the end the following new  
2 subparagraph:

3 “(F) a description of the community serv-  
4 ice and support activities to be carried out by  
5 the public housing agency, residents, members  
6 of the community, and other persons and orga-  
7 nizations willing to contribute to the social, eco-  
8 nomic, or physical improvement of the commu-  
9 nity.”.

10 (9) IMPLEMENTATION GRANT SELECTION CRI-  
11 TERIA: NATIONAL GEOGRAPHIC DIVERSITY.—Sub-  
12 section (d)(4) is amended—

13 (A) in subparagraph (D), by inserting  
14 “(with assistance from the Department of  
15 Housing and Urban Development if necessary)”  
16 after “applicant”;

17 (B) by striking subparagraph (E) and re-  
18 designating subparagraphs (F) and (G) as sub-  
19 paragraphs (E) and (F), respectively;

20 (C) in subparagraph (E), as redesignated,  
21 by inserting “, taking into account the condi-  
22 tion of the applicant’s stock as a whole” before  
23 the semicolon; and

24 (D) by adding at the end the following  
25 flush sentence: “In making grants under this

1 subsection, the Secretary may select a lower  
 2 rated, approvable application over a higher  
 3 rated application to increase the national geo-  
 4 graphic diversity among applications approved  
 5 under this section.”.

6 (10) EXCEPTIONS TO GENERAL PROGRAM RE-  
 7 QUIREMENTS.—Subsection (e) is amended by adding  
 8 at the end the following new paragraph:

9 “(3) DEMOLITION AND REPLACEMENT.—

10 “(A) IN GENERAL.—Notwithstanding any  
 11 other applicable law or regulation, a revitaliza-  
 12 tion plan under this section may include demoli-  
 13 tion and replacement—

14 “(i) onsite;

15 “(ii) in the same neighborhood if the  
 16 number of replacement units provided in  
 17 the same neighborhood is fewer than the  
 18 number of units demolished as a result of  
 19 the revitalization effort; or

20 “(iii) on any other site in an area in  
 21 which the concentration of minority indi-  
 22 viduals or of individuals with incomes  
 23 below the poverty level is materially less  
 24 than that of the units being replaced.

1           “(B) TENANT-BASED ASSISTANCE.—Not-  
 2           withstanding the limitations contained in sub-  
 3           paragraph (A)(v) or (C) of section 18(b)(3), a  
 4           public housing agency may replace not more  
 5           than one-third of the units demolished or dis-  
 6           posed of through a revitalization project under  
 7           this section with tenant-based assistance.”.

8           (11) DEFINITIONS.—

9           (A) SEVERELY DISTRESSED PUBLIC HOUS-  
 10          ING.—Subsection (h)(5) is amended to read as  
 11          follows:

12          “(5) SEVERELY DISTRESSED PUBLIC HOUS-  
 13          ING.—The term ‘severely distressed public housing’  
 14          means a public housing development or a building in  
 15          a development that—

16               “(A) requires major redesign, reconstruc-  
 17               tion, redevelopment, or partial or total demoli-  
 18               tion to correct serious deficiencies in the origi-  
 19               nal design (including inappropriately high popu-  
 20               lation density), deferred maintenance, physical  
 21               deterioration or obsolescence of major systems,  
 22               and other deficiencies in the physical plant of  
 23               the development; and

24               “(B) either—

1           “(i)(I) is occupied predominantly by  
2 families with children that have extremely  
3 low incomes, high rates of unemployment,  
4 and extensive dependency on various forms  
5 of public assistance; and

6           “(II) has high rates of vandalism and  
7 criminal activity (including drug-related  
8 criminal activity; or

9           “(ii) that has a vacancy rate, as deter-  
10 mined by the Secretary, of 50 percent or  
11 more;

12           “(C) cannot be revitalized through assist-  
13 ance under other programs, such as the pro-  
14 grams under sections 9 and 14, or through  
15 other administrative means because of the inad-  
16 equacy of available funds; and

17           “(D) in the case of individual buildings,  
18 the building is, in the Secretary’s determina-  
19 tion, sufficiently separable from the remainder  
20 of the project to make use of the building fea-  
21 sible for purposes of this section.”.

22           (B) COMMUNITY SERVICE.—Subsection (h)  
23 is amended by adding at the end the following  
24 new paragraphs:

1           “(6) COMMUNITY SERVICE.—The term ‘commu-  
2       nity service’ means services provided on a volunteer  
3       basis or limited stipend basis for the social, eco-  
4       nomic, or physical improvement of the community to  
5       be served, including the opportunity for the upward  
6       mobility of participants providing the community  
7       service, through completion of education require-  
8       ments, job training, or alternative methods of devel-  
9       oping skills and job readiness.

10           “(7) SUPPORT SERVICES.—The term ‘support  
11       services’ includes all activities designed to lead to-  
12       ward upward mobility, self-sufficiency, and improved  
13       quality of life for the residents of the project, such  
14       as literacy training, job training, day care, and eco-  
15       nomic development. Such activities may allow for the  
16       participation of residents of the neighborhood.”.

17           (12) TECHNICAL ASSISTANCE.—Section 24 is  
18       amended by adding at the end the following new  
19       subsection:

20           “(j) TECHNICAL ASSISTANCE.—The Secretary may  
21       use not more than 0.5 percent of amounts appropriated  
22       for assistance under this section to provide technical as-  
23       sistance to grantees. Such technical assistance may be  
24       made available directly, or indirectly through contracts,  
25       grants, and cooperative agreements, as appropriate.”.

1       (b) USE OF TENANT-BASED ASSISTANCE FOR RE-  
2 PLACEMENT HOUSING.—Section 18(b)(3)(C)(i) of the  
3 United States Housing Act of 1937 (42 U.S.C.  
4 1437p(b)(3)(C)(i)) is amended by striking “15-year”.

5       (c) REPLACEMENT HOUSING OUTSIDE THE JURIS-  
6 DICTION OF THE PHA.—Section 18(b)(3) of the United  
7 States Housing Act of 1937 (42 U.S.C. 1437p(b)(3)) is  
8 amended—

9           (1) in subparagraph (G), by striking “and” at  
10 the end;

11          (2) in subparagraph (H), by adding “and” at  
12 the end; and

13          (3) by adding at the end the following new sub-  
14 paragraph:

15           “(I) may provide that all or part of such  
16 additional dwelling units may be located outside  
17 the jurisdiction of the public housing agency  
18 (hereafter in this section referred to as the  
19 ‘original agency’) if—

20           “(i) the location is in the same hous-  
21 ing market area as the original agency, as  
22 determined by the Secretary;

23           “(ii) the plan contains an agreement  
24 between the original agency and the public  
25 housing agency in the alternate location or

1 other public or private entity that will be  
2 responsible for providing the additional  
3 units in the alternate location (hereafter in  
4 this section referred to as the ‘alternate  
5 agency or entity’) that the alternate agency  
6 or entity will, with respect to the dwelling  
7 units involved—

8 “(I) provide the dwelling units in  
9 accordance with subparagraph (A);

10 “(II) complete the plan on sched-  
11 ule in accordance with subparagraph  
12 (E);

13 “(III) meet the requirements of  
14 subparagraph (F) and the maximum  
15 rent provisions of subparagraph (G);  
16 and

17 “(IV) not impose a local resi-  
18 dency preference on any resident of  
19 the jurisdiction of the original agency  
20 for purposes of admission to any such  
21 units; and

22 “(iii) the arrangement is approved by  
23 the unit of general local government for  
24 the jurisdiction in which the additional  
25 units will be located;”.

1 **SEC. 212. MODERNIZATION PROGRAM RESERVE FUNDS.**

2 Section 14(k)(1) of the United States Housing Act  
 3 of 1937 (42 U.S.C. 1437l(k)(1)) is amended by adding  
 4 after the first sentence the following: “In each fiscal year,  
 5 any amounts set aside for grants under this paragraph  
 6 that remain unreserved at the end of the fiscal year may  
 7 be used for modernization needs in connection with the  
 8 settlement of litigation and desegregation of public hous-  
 9 ing.”.

10 **SEC. 213. ELIGIBILITY OF SEVERELY DISTRESSED PUBLIC**  
 11 **HOUSING FOR PUBLIC HOUSING OPERATING**  
 12 **SUBSIDIES.**

13 Section 9(a)(2) of the United States Housing Act of  
 14 1937 (42 U.S.C. 1437g(a)(2)) is amended by striking “de-  
 15 veloped pursuant” and all that follows through “section  
 16 8,” inserting the following: “that is—

17 “(A) developed pursuant to a contributions  
 18 contract authorized by section 5 but is not sub-  
 19 ject to section 8; or

20 “(B) assisted under section 24 or the pro-  
 21 gram authorized under—

22 “(i) the third paragraph of the head-  
 23 ing, ‘HOMEOWNERSHIP AND OPPORTUNITY  
 24 FOR PEOPLE EVERYWHERE GRANTS (HOPE  
 25 GRANTS)’, of the Department of Veterans  
 26 Affairs and Housing and Urban Develop-

ment, and Independent Agencies Appropriations Act, 1993; or

“(ii) the heading, ‘SEVERELY DISTRESSED PUBLIC HOUSING PROJECTS’, of the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994;”.

## **Subtitle C—Anti-Crime Initiatives**

### **SEC. 221. COMMUNITY PARTNERSHIPS AGAINST CRIME.**

(a) CONFORMING PROVISIONS.—Section 5001 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901) is amended in the table of contents—

(1) by striking the item relating to chapter 2 and inserting the following:

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

(2) by striking the item relating to section 5122 and inserting the following:

“Sec. 5122. Purposes.”;

and

(3) by adding after the item relating to section 5130 the following:

“Sec. 5131. Technical assistance.”.

(b) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—The Public and Assisted Housing Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.) is

1 amended by striking the chapter heading for chapter 2,  
2 and sections 5121, 5122, and 5123, and inserting the fol-  
3 lowing:

4       **“CHAPTER 2—COMMUNITY PARTNERSHIPS**  
5                   **AGAINST CRIME**

6       **“SEC. 5121. SHORT TITLE.**

7           “‘This chapter may be cited as the ‘Community Part-  
8 nerships Against Crime Act of 1994’.

9       **“SEC. 5122. PURPOSES.**

10       “‘The purposes of this chapter are to—

11           “(1) improve the quality of life for law-abiding  
12 public housing residents by reducing the levels of  
13 fear, violence, and crime in their communities;

14           “(2) expand and enhance the Federal Govern-  
15 ment’s commitment to eliminating crime in public  
16 housing;

17           “(3) broaden the scope of the Public and As-  
18 sisted Housing Drug Elimination Act of 1990 to  
19 apply to all types of crime, and not simply crime  
20 that is drug-related;

21           “(4) target opportunities for long-term commit-  
22 ments of funding primarily to public housing agen-  
23 cies with serious crime problems;

24           “(5) encourage the involvement of a broad  
25 range of community-based groups, and residents of

1       neighboring housing that is owned or assisted by the  
2       Secretary, in the development and implementation of  
3       anti-crime plans;

4           “(6) reduce crime and disorder in and around  
5       public housing through the expansion of community-  
6       oriented policing activities and problem-solving;

7           “(7) provide training, information services, and  
8       other technical assistance to program participants;  
9       and

10          “(8) establish a standardized assessment sys-  
11       tem to evaluate need among public housing agencies,  
12       and to measure progress in reaching crime reduction  
13       goals.

14   **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

15       “(a) IN GENERAL.—The Secretary of Housing and  
16       Urban Development, in accordance with the provisions of  
17       this chapter, may make grants, for use in eliminating  
18       crime in and around public and other federally assisted  
19       low-income housing projects—

20           “(1) to public housing agencies (including In-  
21       dian housing authorities); and

22           “(2) to private, for-profit, and nonprofit owners  
23       of federally assisted low-income housing.

1       “(b) CONSULTATION.—In designing the grant pro-  
2 gram under this section, the Secretary shall consult with  
3 the Attorney General.”.

4       (c) ELIGIBLE ACTIVITIES.—Section 5124 of the Pub-  
5 lic and Assisted Housing Drug Elimination Act of 1990  
6 (42 U.S.C. 11903) is amended—

7           (1) in subsection (a)—

8               (A) in the introductory material preceding  
9 paragraph (1), by inserting “and around” after  
10 “used in”;

11              (B) in paragraph (3), by inserting “, such  
12 as fencing, lighting, locking, and surveillance  
13 systems and costs of renovation to current  
14 structures for the purposes of establishing po-  
15 lice substations on the premises of public hous-  
16 ing developments” before the semicolon;

17              (C) in paragraph (4), by striking subpara-  
18 graph (A) and inserting the following:

19                   “(A) to investigate crime; and”;

20              (D) in paragraph (6)—

21                   (i) by striking “in and around public  
22 or other federally assisted low-income  
23 housing projects”; and

24                   (ii) by striking “and” after the semi-  
25 colon;

1 (E) in paragraph (7)—

2 (i) by striking “where a public hous-  
3 ing agency receives a grant,”;

4 (ii) by striking “drug abuse” and in-  
5 serting “crime”; and

6 (iii) by striking the period at the end  
7 and inserting a semicolon; and

8 (F) by adding at the end the following new  
9 paragraphs:

10 “(8) the employment or utilization of one or  
11 more individuals, including law enforcement officers,  
12 made available by contract or other cooperative ar-  
13 rangement with State or local law enforcement agen-  
14 cies, to engage in community policing involving  
15 interaction with members of the community on  
16 proactive crime control and prevention;

17 “(9) youth initiatives, such as activities involv-  
18 ing training, education, after-school programs, cul-  
19 tural programs, recreation and sports, career plan-  
20 ning, and entrepreneurship and employment; and

21 “(10) resident services programs, such as job  
22 training, education programs, drug and alcohol  
23 treatment, and other appropriate social services that  
24 address the contributing factors of crime.”; and

1           (2) in subsection (b), by striking “(7)” and in-  
2       serting “(10)”.

3       (d) APPLICATIONS.—Section 5125 of the Public and  
4       Assisted Housing Drug Elimination Act of 1990 (42  
5       U.S.C. 11904) is amended—

6           (1) in subsection (a)—

7               (A) by striking “To receive a grant” and  
8       inserting the following:

9               “(1) APPLICATIONS.—To receive a grant”;

10            (B) in the second sentence, by striking  
11       “drug-related crime on the premises of” and in-  
12       serting the following: “crime in and around”;  
13       and

14            (C) by adding at the end the following new  
15       paragraphs:

16           “(2) ONE-YEAR RENEWABLE GRANTS.—

17               “(A) IN GENERAL.—Eligible applicants  
18       may submit an application for a 1-year grant  
19       under this chapter that, subject to the availabil-  
20       ity of appropriated amounts, shall be renewed  
21       annually for a period of not more than 4 years,  
22       if the Secretary finds, after an annual or more  
23       frequent performance review, that the public  
24       housing agency is performing under the terms  
25       of the grant and applicable laws in a satisfac-

1 tory manner and meets such other requirements  
2 as the Secretary may prescribe.

3 “(B) PREFERENCE.—The Secretary shall  
4 accord a preference to an applicant for a grant  
5 under this paragraph if the grant is to be used  
6 to continue or expand activities eligible for as-  
7 sistance under this chapter that have received  
8 previous assistance either under this chapter  
9 (as it existed prior to the enactment of the  
10 Housing Choice and Community Investment  
11 Act of 1994), or under section 14 of the United  
12 States Housing Act of 1937. Such preference  
13 shall not preclude the selection by the Secretary  
14 of other meritorious applications that address  
15 urgent or severe crime problems. Such pref-  
16 erence shall not be construed to require con-  
17 tinuation of activities determined by the Sec-  
18 retary to be unworthy of continuation.

19 “(3) PUBLIC HOUSING AGENCIES THAT HAVE  
20 ESPECIALLY SEVERE CRIME PROBLEMS.—The Sec-  
21 retary shall, by regulation issued after notice and  
22 opportunity for public comment, set forth criteria for  
23 establishing a class of public housing agencies that  
24 have especially severe crime problems. The Secretary  
25 may allocate a portion of the annual appropriation

1 for the program under this chapter for public hous-  
2 ing agencies in this class.”;

3 (2) in subsection (b)—

4 (A) by striking the material preceding  
5 paragraph (1) and inserting the following: “The  
6 Secretary shall approve applications under sub-  
7 section (a)(2) that are not subject to a pref-  
8 erence under subsection (a)(2)(B) on the basis  
9 of—”;

10 (B) in paragraph (1), by striking “drug-re-  
11 lated crime problem in” and inserting “crime  
12 problem in and around”;

13 (C) in paragraph (2), by inserting “and  
14 around” immediately after “crime problem in”;  
15 and

16 (D) in paragraph (4), by inserting after  
17 “local government” the following: “, local com-  
18 munity-based nonprofit organizations, local resi-  
19 dent organizations that represent the residents  
20 of neighboring projects that are owned or as-  
21 sisted by the Secretary,”;

22 (3) in subsection (c)(2), by striking “drug-  
23 related” each place it appears; and

24 (4) by striking subsection (d).

1       (e) DEFINITIONS.—Section 5126 of the Public and  
2 Assisted Housing Drug Elimination Act of 1990 (42  
3 U.S.C. 11905) is amended by striking paragraphs (1) and  
4 (2), and redesignating paragraphs (3) and (4) as para-  
5 graphs (1) and (2), respectively.

6       (f) IMPLEMENTATION.—Section 5127 of the Public  
7 and Assisted Housing Drug Elimination Act of 1990 (42  
8 U.S.C. 11908) is amended by striking “Cranston-Gonzalez  
9 National Affordable Housing Act” and inserting “Housing  
10 Choice and Community Investment Act of 1994”.

11       (g) REPORTS.—Section 5128 of the Public and As-  
12 sisted Housing Drug Elimination Act of 1990 (42 U.S.C.  
13 11907) is amended—

14           (1) by striking “The Secretary” and inserting  
15       the following:

16       “(a) GRANTEE REPORTS.—The Secretary”;

17           (2) by striking “drug-related crime in” and in-  
18       serting “crime in and around”; and

19           (3) by adding at the end the following new sub-  
20       section:

21       “(b) HUD REPORTS.—The Secretary shall submit a  
22 report to the Congress describing the system used to dis-  
23 tribute funds to grantees under this section. Such report  
24 shall include—

1           “(1) a description of the criteria used to estab-  
 2       lish the class of public housing agencies with espe-  
 3       cially severe crime problems and a list of such agen-  
 4       cies;

5           “(2) the methodology used to distribute funds  
 6       among the public housing agencies on the list cre-  
 7       ated under paragraph (1); and

8           “(3) the Secretary’s recommendations for any  
 9       change to the method of distribution of funds.”.

10       (h) AUTHORIZATION OF APPROPRIATIONS.—Section  
 11   5130 of the Public and Assisted Housing Drug Elimini-  
 12   nation Act of 1990 (42 U.S.C. 11909) is amended—

13           (1) in the first sentence of subsection (a), by  
 14       striking “\$175,000,000 for fiscal year 1993” and all  
 15       that follows before the period and inserting  
 16       “\$265,000,000 for fiscal year 1995, and  
 17       \$272,950,000 for fiscal year 1996”;

18           (2) in subsection (b)—

19               (A) in the heading, by striking “SET-  
 20       ASIDES” and inserting “SET-ASIDE”; and

21               (B) by striking the second sentence; and

22           (3) by adding at the end the following new sub-  
 23       section:

24       “(d) SET-ASIDE FOR PUBLIC-PRIVATE PARTNER-  
 25       SHIPS.—Of amounts made available in any fiscal year to

1 carry out this chapter, 2 percent shall be available for con-  
 2 tracts, grants, cooperative agreements, or interagency  
 3 agreements with public housing agencies (including Indian  
 4 housing authorities) and other public or private organiza-  
 5 tions, to implement programs which involve joint invest-  
 6 ment by the public and private sectors to conduct activities  
 7 designed to reduce crime and violence in public housing.  
 8 Such activities may include the creation of pilot programs  
 9 or the replication of successful existing programs.”.

10 (i) REPEAL.—Section 520(k) of the Cranston-Gon-  
 11 zalez National Affordable Housing Act (42 U.S.C.  
 12 11903a(k)) is hereby repealed.

13 (j) TECHNICAL ASSISTANCE.—The Public and As-  
 14 sisted Housing Drug Elimination Act of 1990 (42 U.S.C.  
 15 11901 et seq.) is amended by adding at the end the follow-  
 16 ing new section:

17 **“SEC. 5131. TECHNICAL ASSISTANCE.**

18 “Of the amounts appropriated annually for each of  
 19 fiscal years 1995 and 1996 to carry out this chapter, the  
 20 Secretary shall use not more than \$10,000,000, directly  
 21 or indirectly, under grants, contracts, or cooperative  
 22 agreements, to provide training, information services, and  
 23 other technical assistance to public housing agencies and  
 24 other entities with respect to their participation in the pro-  
 25 gram authorized by this chapter. Such technical assistance

1 may include the establishment and operation of the clear-  
 2 inghouse on crime in public housing and the regional  
 3 training program on crime prevention in public housing.  
 4 The Secretary may also use the foregoing amounts for ob-  
 5 taining assistance in establishing and managing assess-  
 6 ment and evaluation criteria and specifications, and for  
 7 obtaining the opinions of experts in relevant fields. The  
 8 Secretary may use not more than \$1,000,000 from the  
 9 amounts provided under this section to make grants to  
 10 public housing agencies for residential police programs  
 11 under section 519 of the Cranston-Gonzalez National Af-  
 12 fordable Housing Act.”.

13 **SEC. 222. POLICE IN PUBLIC HOUSING.**

14 Section 519 of the Cranston-Gonzalez National Af-  
 15 fordable Housing Act (42 U.S.C. 1437a–1) is amended by  
 16 inserting in subsection (d) after the word “requirements”  
 17 the second place it appears the following: “(including sub-  
 18 stantially reduced rents or at no charge)”.

19 **SEC. 223. AVAILABILITY OF CRIMINAL RECORDS FOR**  
 20 **SCREENING AND EVICTION.**

21 Section 6 of the United States Housing Act of 1937  
 22 (42 U.S.C. 1437d) is amended by adding at the end the  
 23 following new subsection:

24 “(p) AVAILABILITY OF RECORDS.—

1           “(1) IN GENERAL.—Notwithstanding any other  
2           provision of law, the National Crime Information  
3           Center, a police department, and any other law en-  
4           forcement agency shall, upon request, provide infor-  
5           mation to public housing agencies regarding the  
6           criminal conviction records of adult applicants for,  
7           or residents of, public housing for purpose of appli-  
8           cant screening, lease enforcement, and eviction. Such  
9           information may not include information regarding  
10          any criminal conviction of such an applicant or ten-  
11          ant for any act (or failure to act) that occurred more  
12          than 5 years in the past.

13          “(2) OPPORTUNITY TO DISPUTE.—Before an  
14          adverse action is taken on the basis of a criminal  
15          record, the agency shall provide the tenant or appli-  
16          cant a copy of the record and an opportunity to dis-  
17          pute its accuracy and relevance.

18          “(3) FEE.—An agency may be charged a rea-  
19          sonable fee for such information.

20          “(4) RECORDS MANAGEMENT.—The Secretary  
21          shall require each public housing agency to establish  
22          and implement a system of records management  
23          that ensures that any criminal records it receives are  
24          maintained confidentially, are not misused or im-  
25          properly disseminated, and are destroyed once the

1 purpose for which they were requested has been  
2 completed.

3 “(5) DEFINITION.—For purposes of this sub-  
4 section, the term ‘adult’ means a person who is 18  
5 years or older, or who has been convicted of a crime  
6 as an adult under Federal or State law.”.

## 7 **Subtitle D—Authorizations and** 8 **Extensions**

### 9 **SEC. 231. LOW-INCOME HOUSING.**

10 (a) AGGREGATE BUDGET AUTHORITY.—Section  
11 5(c)(6) of the United States Housing Act of 1937 (42  
12 U.S.C. 1437c(c)(6)) is amended by adding at the end the  
13 following new sentence: “The aggregate amount of budget  
14 authority that may be obligated for assistance referred to  
15 in paragraph (7) is increased (to the extent approved in  
16 appropriation Acts) by not less than \$10,531,176,000 on  
17 October 1, 1995, and by not less than \$10,760,505,000  
18 on October 1, 1996.”.

19 (b) UTILIZATION OF BUDGET AUTHORITY.—Section  
20 5(c)(7) of the United States Housing Act of 1937 (42  
21 U.S.C. 1437c(c)(7)) is amended by striking the paragraph  
22 designation and all that follows through the end of sub-  
23 paragraph (B) and inserting the following:

24 “(7) UTILIZATION OF BUDGET AUTHORITY.—

1           “(A) FISCAL YEAR 1995.—Using the addi-  
2           tional budget authority provided under para-  
3           graph (6) and the balances of budget authority  
4           that become available during fiscal year 1995,  
5           the Secretary shall, to the extent approved in  
6           appropriation Acts, reserve authority to enter  
7           into obligations aggregating—

8           “(i) for public housing grants under  
9           subsection (a)(2), not more than  
10          \$938,000,000, of which amount not more  
11          than \$263,000,000 shall be available for  
12          Indian housing;

13          “(ii) for assistance under section 8,  
14          not more than \$1,950,000,000, of which  
15          \$350,000,000 shall be available for con-  
16          tracts with terms of not more than 15  
17          years under the Community Investment  
18          Demonstration Program under section 6 of  
19          the HUD Demonstration Act of 1993;

20          “(iii) for modernization grants under  
21          section 14(k), not more than  
22          \$3,440,000,000, including \$15,000,000 for  
23          training and technical assistance;

1           “(iv) for assistance under section 8  
2           for loan management, not more than  
3           \$150,000,000;

4           “(v) such sums as may be necessary  
5           for extensions of contracts expiring under  
6           section 8, which shall be for contracts for  
7           assistance under section 8 and vouchers  
8           under section 8(o) and for loan manage-  
9           ment assistance under such section;

10          “(vi) for amendments to contracts  
11          under section 8, \$950,000,000;

12          “(vii) for adjustments to annual con-  
13          tributions contracts for the costs of provid-  
14          ing service coordinators under section  
15          9(a)(1)(B)(ii), not more than \$55,000,000;

16          “(viii) for public housing lease adjust-  
17          ments, \$21,900,000;

18          “(ix) for assistance under section  
19          18(e) for replacement housing for units de-  
20          molished or disposed of under section 18,  
21          and for eligible tenants where project own-  
22          ers opt out of the section 8 program, not  
23          more than \$82,916,000;

24          “(x) for conversions for leased hous-  
25          ing contracts under section 23 (as in effect

1 immediately before the date of enactment  
2 of the Housing and Community Develop-  
3 ment Act of 1974) to assistance under sec-  
4 tion 8, not more than \$3,960,000; and

5 “(xi) for grants under section 24 for  
6 revitalization of severely distressed public  
7 housing, not more than \$500,000,000.

8 “(B) FISCAL YEAR 1996.—Using the addi-  
9 tional budget authority provided under para-  
10 graph (6) and the balances of budget authority  
11 that become available during fiscal year 1996,  
12 the Secretary shall, to the extent approved in  
13 appropriation Acts, reserve authority to enter  
14 into obligations aggregating—

15 “(i) for public housing grants under  
16 subsection (a)(2), not more than  
17 \$966,140,000, of which amount not more  
18 than \$270,890,000 shall be available for  
19 Indian housing;

20 “(ii) for assistance under section 8,  
21 not more than \$1,998,000,000 of which  
22 \$350,000 shall be available for 15-year  
23 contracts for the Community Investment  
24 Demonstration program under section 6 of  
25 the HUD Demonstration Act of 1993;

1           “(iii) for modernization grants under  
2           section 14(k), not more than  
3           \$3,543,200,000, including \$15,000,000 for  
4           training and technical assistance;

5           “(iv) for assistance under section 8  
6           for loan management, not more than  
7           \$150,000,000;

8           “(v) for extensions of contracts expir-  
9           ing under section 8, such sums as may be  
10          necessary, which shall be for contracts for  
11          assistance under section 8 and vouchers  
12          under section 8(o) and for loan manage-  
13          ment assistance under such section;

14          “(vi) for amendments to contracts  
15          under section 8, such sums as may be nec-  
16          essary;

17          “(vii) for adjustments to annual con-  
18          tributions contracts for the costs of provid-  
19          ing service coordinators under section  
20          9(a)(1)(B)(ii), not more than \$55,000,000;

21          “(viii) for public housing lease adjust-  
22          ments, \$21,900,000;

23          “(ix) for assistance under section  
24          18(e) for replacement housing for units de-  
25          molished or disposed of under section 18,

1 and for eligible tenants where project own-  
 2 ers opt out of the section 8 program, not  
 3 more than \$85,403,000;

4 “(x) for conversions from leased hous-  
 5 ing contracts under section 23 (as in effect  
 6 immediately before the date of enactment  
 7 of the Housing and Community Develop-  
 8 ment Act of 1974) to assistance under sec-  
 9 tion 8, not more than \$3,960,000; and

10 “(xi) for grants under section 24 for  
 11 revitalization of severely distressed public  
 12 housing, not more than \$515,000,000.”.

13 **SEC. 232. PUBLIC HOUSING OPERATING SUBSIDIES.**

14 Section 9(c) of the United States Housing Act of  
 15 1937 (42 U.S.C. 1437g(c)) is amended—

16 (1) by striking paragraph (1) and inserting the  
 17 following:

18 “(1) AUTHORIZATION OF APPROPRIATIONS.—  
 19 There are authorized to be appropriated for pur-  
 20 poses of providing annual contributions under this  
 21 section \$2,950,000,000 for fiscal year 1995 and  
 22 \$3,038,500,000 for fiscal year 1996.”;

23 (2) in paragraph (2), by striking “1993 and  
 24 1994” and inserting “1995 and 1996”; and

1           (3) in paragraph (3), by striking “1993 and  
2           1994” and inserting “1995 and 1996”.

3   **SEC. 233. FAMILY SELF-SUFFICIENCY PROGRAM.**

4           The third sentence of section 23(h)(2) of the United  
5   States Housing Act of 1937 (42 U.S.C. 1437u(h)(2)) is  
6   amended to read as follows: “Of amounts appropriated  
7   under section 9(c), \$8,400,000 for fiscal year 1995 and  
8   \$8,652,000 for fiscal year 1996 may be used for costs  
9   under this paragraph.”.

10   **SEC. 234. FAMILY INVESTMENT AND ECONOMIC OPPOR-**  
11                   **TUNITY CENTERS.**

12           Section 22 of the United States Housing Act of 1937  
13   (42 U.S.C. 1437t) is amended to read as follows:

14   **“SEC. 22. FAMILY INVESTMENT AND ECONOMIC OPPOR-**  
15                   **TUNITY CENTERS**

16           “(a) PURPOSE.—The purpose of this section is to  
17   provide low-income households and families living in or  
18   near public housing with better access to educational and  
19   employment opportunities to achieve self-sufficiency by—

20                   “(1) developing facilities in or near public hous-  
21           ing for training and support services;

22                   “(2) mobilizing public and private resources to  
23           expand and improve the delivery of such services;

1           “(3) providing funding for such essential train-  
2           ing and support services that cannot otherwise be  
3           funded; and

4           “(4) providing services which will link low-in-  
5           come families with jobs generated by housing and  
6           community development assistance as required under  
7           section 3 of the Housing and Urban Development  
8           Act of 1968.

9           “(b) ELIGIBLE APPLICANTS.—The Secretary may  
10          make grants to State or local governments, to their agen-  
11          cies, public housing agencies (including Indian housing au-  
12          thorities), public or private nonprofit organizations or in-  
13          stitutions (including community action agencies), or public  
14          or private entities that are administering or will admin-  
15          ister family investment or economic opportunity centers  
16          that meet the purposes expressed in subsection (a).

17          “(c) ELIGIBLE ACTIVITIES.—A grant under this sec-  
18          tion may be used to support activities, including—

19                 “(1) establishing family investment or economic  
20                 opportunity centers through—

21                         “(A) the renovation, conversion, or com-  
22                         bination of vacant dwelling units in a public  
23                         housing project to create common areas to ac-  
24                         commodate the provision of supportive services;

1           “(B) the renovation of existing common  
2 areas in a public housing project to accommo-  
3 date the provision of supportive services; and

4           “(C) the renovation, acquisition, or con-  
5 struction of facilities near the premises of pub-  
6 lic housing projects to accommodate the provi-  
7 sion of supportive services; and

8           “(2) providing services to low-income residents  
9 living in or around public housing through—

10           “(A) the provision of not more than 15  
11 percent of the cost of the supportive services  
12 only if the applicant demonstrates to the satis-  
13 faction of the Secretary that—

14           “(i) the supportive services are appro-  
15 priate to improve the access of the eligible  
16 residents to employment and education op-  
17 portunities; and

18           “(ii) the applicant has made diligent  
19 efforts to use or obtain other available re-  
20 sources to fund or provide services; and

21           “(B) the employment of service coordina-  
22 tors, subject to such minimum qualifications  
23 and standards as the Secretary may establish,  
24 who may be responsible for—

1           “(i) assessing the training, service  
2 needs, and education of eligible residents;

3           “(ii) working with service providers to  
4 coordinate the provision of services and  
5 tailor such services to the needs and char-  
6 acteristics of eligible public housing resi-  
7 dents;

8           “(iii) establishing a job bank of posi-  
9 tions in connection with programs subject  
10 to this section;

11           “(iv) providing access to services for  
12 persons having no or limited proficiency in  
13 English;

14           “(v) assisting residents in the prepa-  
15 ration of job applications or applications  
16 for educational programs;

17           “(vi) assisting contractors, contractor  
18 associations, and joint labor-management  
19 committees to develop and fund training  
20 and apprenticeship initiatives and pro-  
21 grams;

22           “(vii) providing information about the  
23 requirements of section 3 of the Housing  
24 and Urban Development Act of 1968 and  
25 economic opportunities to resident councils,

1 resident management corporations, neigh-  
2 borhood groups, and community-based or-  
3 ganizations;

4 “(viii) providing links with related  
5 government and private programs that  
6 fund the startup costs of businesses;

7 “(ix) mobilizing public and private re-  
8 sources to ensure that the supportive serv-  
9 ices identified pursuant to subsection  
10 (g)(2) can be funded over the time period  
11 under such subsection;

12 “(x) performing such other duties and  
13 functions that the Secretary determines  
14 are appropriate to provide families living in  
15 or near public housing with better access  
16 to educational and employment opportuni-  
17 ties; and

18 “(xi) identifying opportunities for low-  
19 income residents living in or near public  
20 housing to access jobs created by Federal  
21 housing and community development pro-  
22 grams.

23 “(d) SELECTION CRITERIA.—The Secretary shall es-  
24 tablish selection criteria for grants under this section,  
25 which shall take into account—

1           “(1) the demonstrated ability of the applicant  
2           to provide or access the supportive services identified  
3           under subsection (g)(2);

4           “(2) the need for such services in the appli-  
5           cant’s service area;

6           “(3) the extent to which the renovation, conver-  
7           sion, and combination activities are appropriate and  
8           necessary to facilitate the provision of such services;

9           “(4) the extent to which the applicant has dem-  
10          onstrated that such services will be provided for the  
11          period identified under subsection (g)(2);

12          “(5) the extent to which the applicant has a  
13          good record of maintaining and operating public  
14          housing or other Federal programs;

15          “(6) the ability of the applicant to—

16               “(A) develop, provide or access employ-  
17               ment development skills to low-income persons;

18               “(B) coordinate and utilize existing public  
19               and private training, employment, and business  
20               assistance funds or services; and

21               “(C) establish or maintain working rela-  
22               tionships with unions or other construction  
23               trade associations, and public and private em-  
24               ployers; and

1           “(7) any other factors that the Secretary deter-  
2           mines to be appropriate to ensure that amounts  
3           made available under this section are used effec-  
4           tively.

5           “(e) EMPLOYMENT OF PUBLIC HOUSING RESI-  
6           DENTS.—Each applicant shall, to the maximum extent  
7           practicable, employ public housing residents to provide the  
8           services assisted under this section or from other sources  
9           and the provision of supportive services under this section  
10          shall be considered the provision of housing assistance for  
11          purposes of section 3 of the Housing and Urban Develop-  
12          ment Act of 1968. Such persons shall be paid at a rate  
13          not less than the highest of—

14               “(1) the minimum wage that would be applica-  
15               ble to the employee under the Fair Labor Standards  
16               Act of 1938, if section 6(a)(1) of such Act applied  
17               to the resident and if the resident were not exempt  
18               under section 13 of such Act;

19               “(2) the State or local minimum wage for the  
20               most nearly comparable covered employment; or

21               “(3) the prevailing rates of pay for persons em-  
22               ployed in similar public occupations by the same em-  
23               ployer.

1       “(f) ALLOCATION OF GRANT AMOUNTS.—Assistance  
2 under this section shall be allocated by the Secretary  
3 among approvable applications on a competitive basis.

4       “(g) APPLICATIONS.—Applications for assistance  
5 under this section shall be submitted in such form and  
6 in accordance with such procedures as the Secretary shall  
7 establish. Each application for assistance shall contain—

8               “(1) a description of activities to be carried out  
9 under subsection (c)(1);

10              “(2) a description of the supportive services  
11 that are to be provided over a 5-year period (or such  
12 longer period that the Secretary determines to be  
13 appropriate if assistance is provided for activities  
14 under subsection (c) that involve substantial reha-  
15 bilitation);

16              “(3) a firm commitment of assistance from 1 or  
17 more sources ensuring that the supportive services  
18 will be provided for not less than 1 year following  
19 the completion of activities assisted under subsection  
20 (c);

21              “(4) a description of public or private sources  
22 of assistance that can reasonably be expected to  
23 fund or provide supportive services for the entire pe-  
24 riod specified under paragraph (2), including evi-  
25 dence of any intention to provide assistance ex-

1 pressed by State and local governments, private  
2 foundations, and other organizations (including prof-  
3 it and nonprofit organizations);

4 “(5) certification from the appropriate State or  
5 local agency (as determined by the Secretary) that—

6 “(A) the provision of supportive services  
7 described in paragraph (2) is well designed to  
8 provide resident families better access to edu-  
9 cational and employment opportunities; and

10 “(B) there is a reasonable likelihood that  
11 such services will be funded or provided for the  
12 entire period specified in paragraph (2); and

13 “(6) any other information or certifications that  
14 the Secretary determines are necessary or appro-  
15 priate to achieve the purposes of this section.

16 “(h) TREATMENT OF INCOME.—No service provided  
17 to a public housing resident under this section may be  
18 treated as income for the purpose of any other program  
19 or provision of Federal or State law.

20 “(i) REPORTS.—

21 “(1) TO SECRETARY.—Each public housing  
22 agency receiving a grant under this section shall  
23 submit to the Secretary, in such form and at such  
24 time as the Secretary shall prescribe, an annual

1 progress report describing and evaluating the use of  
2 grant amounts received under this section.

3 “(2) TO CONGRESS.—The Secretary shall sub-  
4 mit to the Congress annually, as a part of the report  
5 of the Secretary under section 8 of the Department  
6 of Housing and Urban Development Act, an evalua-  
7 tion of the effectiveness of activities carried out with  
8 grants under this section in such fiscal year. Such  
9 report shall summarize the progress reports submit-  
10 ted pursuant to paragraph (1).

11 “(j) DEFINITION OF SUPPORTIVE SERVICES.—For  
12 purposes of this section, the term ‘supportive services’  
13 means new or significantly expanded services that the Sec-  
14 retary determines are essential to providing families living  
15 with children in public housing with better access to edu-  
16 cational and employment opportunities. Such services may  
17 include—

18 “(1) child care;

19 “(2) employment training and counseling;

20 “(3) literacy training;

21 “(4) computer skills training;

22 “(5) education, including assistance in the at-  
23 tainment of certificates of high school equivalency;

24 “(6) substance abuse programs; and

25 “(7) other appropriate services.

14 **SEC. 235. RESIDENT MANAGEMENT AND TENANT OPPOR-**  
15 **TUNITY PROGRAM.**

18 (1) by striking the section heading and insert-  
19 ing the following:

(2) in subsection (b), by striking “resident management program” each place it appears and inserting “resident management and tenant opportunity program”; and

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1 (A) by striking the subsection heading and  
2 inserting the following:

3 “(f) RESIDENT MANAGEMENT AND TENANT OPPOR-  
4 TUNITY ASSISTANCE.—”;

5 (B) in paragraph (1), by adding at the end  
6 the following: “In addition, the Secretary may  
7 provide financial assistance to resident manage-  
8 ment corporations or resident councils for ac-  
9 tivities sponsored by resident organizations for  
10 job training, economic development, security,  
11 and other self-sufficiency activities beyond those  
12 related to the management of public housing.  
13 Resident councils or resident management cor-  
14 porations may jointly apply for financial assist-  
15 ance at their discretion with public housing  
16 agencies. Only resident councils and resident  
17 management corporations may be recipients of  
18 such assistance.”;

19 (C) in paragraph (2), by striking  
20 “\$100,000” and inserting “\$250,000”;

21 (D) by striking paragraph (3) and insert-  
22 ing the following:

23 “(3) FUNDING.—Of any amounts made avail-  
24 able for financial assistance under section 14, the  
25 Secretary may use to carry out this subsection

1       \$50,000,000 for fiscal year 1995 and \$50,000,000  
2       for fiscal year 1996.”; and

3               (E) by adding at the end the following new  
4       paragraph:

5       “(5) FIVE PERCENT SET-ASIDE.—

6               “(A) IN GENERAL.—The Secretary may  
7       use not more than 5 percent of the amounts ap-  
8       propriated under paragraph (3) to enter into  
9       contracts with—

10              “(i) various entities for monitoring,  
11              evaluation, technical assistance, and infor-  
12              mation dissemination in connection with  
13              activities under this subsection; and

14              “(ii) public housing agencies, resident  
15              organizations, and public or private enti-  
16              ties for innovative public/private initiatives  
17              that support the increased self-sufficiency  
18              of public housing residents.

19              “(B) ACTIVITIES INCLUDED.—Eligible ac-  
20              tivities related to increased self-sufficiency  
21              under subparagraph (A)(ii) may include such  
22              programs as counseling, treatment for sub-  
23              stance abuse, child care, remedial education,  
24              and job training.”.

1 **SEC. 236. INDIAN HOUSING LOAN GUARANTEE PROGRAM.**

2 (a) LIMITATION ON OUTSTANDING AGGREGATE  
3 PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the Hous-  
4 ing and Community Development Act of 1992 (12 U.S.C.  
5 1515z–13a(i)(5)(C)) is amended—

6 (1) by striking “fiscal years 1993 and 1994”  
7 and inserting “fiscal years 1995 and 1996”; and

8 (2) by striking “not exceeding” and all that fol-  
9 lows, and inserting “not exceeding \$22,388,000 for  
10 fiscal year 1995 and \$22,388,000 for fiscal year  
11 1996, to the extent provided in appropriation Acts.”.

12 (b) AUTHORIZATION OF APPROPRIATIONS FOR GUAR-  
13 ANTEE FUND.—Section 184(i)(7) of the Housing and  
14 Community Development Act of 1992 (12 U.S.C. 1515z–  
15 13a(i)(7)) is amended to read as follows:

16 “(7) AUTHORIZATION OF APPROPRIATIONS.—  
17 There are authorized to be appropriated to the  
18 Guarantee Fund to carry out this section,  
19 \$3,000,000 for fiscal year 1995 and \$3,000,000 for  
20 fiscal year 1996.”.

21 **Subtitle E—Applicability**

22 **SEC. 241. APPLICABILITY OF PUBLIC HOUSING AMEND-**  
23 **MENTS TO INDIAN HOUSING.**

24 (a) AMENDMENT.—Section 201(b) of the United  
25 States Housing Act of 1937 (42 U.S.C. 1437aa(b)) is  
26 amended to read as follows:

1       “(b) APPLICABILITY OF TITLE I.—Except as other-  
2 wise provided by law, the provisions of title I shall apply  
3 to low-income housing developed or operated pursuant to  
4 a contract between the Secretary and an Indian housing  
5 authority.”.

6       (b) APPLICABILITY OF AMENDMENT.—The amend-  
7 ment made by subsection (a) shall not affect provisions  
8 of the United States Housing Act of 1937 that were made  
9 applicable to public housing developed or operated pursu-  
10 ant to a contract between the Secretary and an Indian  
11 housing authority in accordance with section 201(b)(2) of  
12 such Act, as it existed before the effective date of this sec-  
13 tion.

14       (c) APPLICABILITY OF OTHER LAWS.—The provi-  
15 sions of section 955(b) of the Cranston-Gonzalez National  
16 Affordable Housing Act, sections 103(a)(1), 112, 114,  
17 116, 118, 903, and 927 of the Housing and Community  
18 Development Act of 1992, and sections 301, 302, 303, and  
19 304 of the Multifamily Housing Property Disposition Re-  
20 form Act of 1994 shall apply to public housing developed  
21 or operated pursuant to a contract between the Secretary  
22 and an Indian housing authority.

23       (d) APPLICABILITY TO VOLUNTEER SERVICES.—The  
24 application of section 955(b) of the Cranston-Gonzalez  
25 National Affordable Housing to public housing developed

1 or operated pursuant to a contract between the Secretary  
 2 and an Indian housing authority shall apply to any volun-  
 3 teer services provided before, on, or after the date of en-  
 4 actment of this Act, except that such application may not  
 5 be construed to require the repayment of any wages paid  
 6 before the date of enactment of this Act for services pro-  
 7 vided before such date.

## 8 **Subtitle F—Termination of Certain** 9 **Assisted Housing Programs**

### 10 **SEC. 251. TERMINATION OF CERTAIN ASSISTED HOUSING** 11 **PROGRAMS.**

12 (a) MAJOR RECONSTRUCTION OF OBSOLETE PUBLIC  
 13 HOUSING PROJECTS.—

14 (1) REPEAL.—The United States Housing Act  
 15 of 1937 (42 U.S.C. 1437 et seq.) is amended—

16 (A) by striking section 5(j)(2) and insert-  
 17 ing the following:

18 “(2) [Repealed.]”;

19 (B) in section 14(c)(4), by inserting after  
 20 “(5)(j)(2)” the following: “, as such section ex-  
 21 isted before the effective date of title I of the  
 22 Housing Choice and Community Investment  
 23 Act of 1994”; and

24 (C) in section 18(a)(3), by inserting after  
 25 “(5)(j)(2)” the following: “, as such section ex-

1           isted before the effective date of title I of the  
2           Housing Choice and Community Investment  
3           Act of 1994”.

4           (2) EFFECTIVE DATE.—The amendments made  
5           by paragraph (1) shall take effect on the date on  
6           which all funds appropriated to carry out section  
7           5(j)(2) of the United States Housing Act have been  
8           expended.

9           (3) FLEXIBILITY PROVISION.—Upon the re-  
10          quest of the public housing agency, the Secretary  
11          may authorize the use of any funding under section  
12          5(j)(2) of the United States Housing Act of 1937,  
13          for other development uses in conjunction with any  
14          grant that was reserved or obligated pursuant to  
15          section 5(j)(2) of the United States Housing Act of  
16          1937, as in effect on or after the date of enactment  
17          of the Housing and Community Development Act of  
18          1992.

19          (b) CHOICE IN PUBLIC HOUSING MANAGEMENT.—  
20          Section 25 of the United States Housing Act of 1937 (42  
21          U.S.C. 1437w) is hereby repealed.

22          (c) HOPE FOR PUBLIC AND INDIAN HOUSING HOME-  
23          OWNERSHIP.—

1           (1) REPEAL.—Title III of the United States  
2       Housing Act of 1937 (42 U.S.C. 1437aaa et seq.)  
3       is repealed effective October 1, 1996.

4           (2) CONFORMING AMENDMENTS.—

5           (A) SAVINGS PROVISION.—The last sen-  
6       tence of section 5(h) of the United States  
7       Housing Act of 1937 (42 U.S.C. 1437c(h)) is  
8       amended by inserting “, as such section existed  
9       before the effective date of title I of the Hous-  
10      ing Choice and Community Investment Act of  
11      1994” before the period.

12          (B) RENTAL CERTIFICATES AND OTHER  
13      EXISTING HOUSING PROGRAMS.—Section  
14      8(b)(2) of the United States Housing Act of  
15      1937 (42 U.S.C. 1437f(b)(2)) is hereby re-  
16      pealed.

17          (C) RENTAL VOUCHERS.—Section 8(o)(9)  
18      of the United States Housing Act of 1937 (42  
19      U.S.C. 1437f(o)(9)) is hereby repealed.

20          (D) PUBLIC AND INDIAN HOUSING MOD-  
21      ERNIZATION.—Section 14(n) of the United  
22      States Housing Act of 1937 (42 U.S.C.  
23      1437/(n)) is hereby repealed.

24          (E) DEMOLITION AND DISPOSITION OF  
25      PUBLIC HOUSING.—Section 18(f) of the United

1 States Housing Act of 1937 (42 U.S.C.  
2 1437p(f)) is hereby repealed.

3 (F) PUBLIC HOUSING RESIDENT MANAGE-  
4 MENT.—Section 20(f)(4) of the United States  
5 Housing Act of 1937 (42 U.S.C. 1437r(f)(4)) is  
6 hereby repealed.

7 (d) HOPE FOR ELDERLY INDEPENDENCE.—Section  
8 803 of the Cranston-Gonzalez National Affordable Hous-  
9 ing Act (42 U.S.C. 8012) is hereby repealed.

10 (e) INDIAN HOUSING EARLY CHILDHOOD DEM-  
11 ONSTRATION PROGRAM.—Section 518 of the Cranston-  
12 Gonzalez National Affordable Housing Act (12 U.S.C.  
13 1701z–6 note) is hereby repealed.

14 (f) PUBLIC HOUSING ONE-STOP PERINATAL SERV-  
15 ICES.—Section 521 of the Cranston-Gonzalez National Af-  
16 fordable Housing Act (42 U.S.C. 1437t note) is hereby  
17 repealed.

## 18 **Subtitle G—Midnight Basketball** 19 **League Training and Partnership**

### 20 **SEC. 261. SHORT TITLE.**

21 This subtitle may be cited as the “Midnight Basket-  
22 ball League Training and Partnership Act”.

1 **SEC. 262. GRANTS FOR MIDNIGHT BASKETBALL LEAGUE**  
 2 **TRAINING AND PARTNERSHIP PROGRAMS.**

3 Section 520 of the Cranston-Gonzalez National Af-  
 4 fordable Housing Act (42 U.S.C. 11903a) is amended—

5 (1) in the section heading by inserting “**AND**  
 6 **ASSISTED**” after “**PUBLIC**”;

7 (2) in the subsection heading for subsection (a),  
 8 by inserting “PUBLIC HOUSING” before “YOUTH”;  
 9 and

10 (3) by adding at the end the following new sub-  
 11 section:

12 “(l) MIDNIGHT BASKETBALL LEAGUE TRAINING  
 13 AND PARTNERSHIP PROGRAMS.—

14 “(1) AUTHORITY.—The Secretary shall make  
 15 grants, to the extent that amounts are approved in  
 16 appropriations Acts under paragraph (11), to—

17 “(A) eligible entities to assist such entities  
 18 in carrying out midnight basketball league pro-  
 19 grams meeting the requirements of paragraph  
 20 (3); and

21 “(B) eligible advisory entities to provide  
 22 technical assistance to eligible entities in estab-  
 23 lishing and operating such midnight basketball  
 24 league programs.

25 “(2) ELIGIBLE ENTITIES.—

1           “(A) IN GENERAL.—Subject to subpara-  
2 graph (B), grants under paragraph (1)(A) may  
3 be made only to the following eligible entities:

4           “(i) Entities eligible under subsection  
5 (b) for a grant under subsection (a).

6           “(ii) Nonprofit organizations provid-  
7 ing employment counseling, job training, or  
8 other educational services.

9           “(iii) Nonprofit organizations provid-  
10 ing federally assisted low-income housing.

11           “(B) PROHIBITION ON SECOND GRANTS.—  
12 A grant under paragraph (1)(A) may not be  
13 made to an eligible entity if the entity has pre-  
14 viously received a grant under such paragraph,  
15 except that the Secretary may exempt an eligi-  
16 ble advisory entity from the prohibition under  
17 this subparagraph in extraordinary cir-  
18 cumstances.

19           “(3) PROGRAM REQUIREMENTS.—Each eligible  
20 entity receiving a grant under paragraph (1)(A)  
21 shall establish a midnight basketball league program  
22 as follows:

23           “(A) Not less than 50 percent of the play-  
24 ers in the basketball league shall be residents of  
25 federally assisted low-income housing or mem-

1       bers of low-income families (as such term is de-  
2       fined in section 3(b) of the United States Hous-  
3       ing Act of 1937).

4       “(B) The program shall be designed to  
5       serve primarily youths and young adults from a  
6       neighborhood or community whose population  
7       has not less than 2 of the following characteris-  
8       tics (in comparison with national averages):

9               “(i) A substantial problem regarding  
10              use or sale of illegal drugs.

11             “(ii) A high incidence of crimes com-  
12             mitted by youths or young adults.

13             “(iii) A high incidence of persons in-  
14             fected with the human immunodeficiency  
15             virus or sexually transmitted diseases.

16             “(iv) A high incidence of pregnancy or  
17             a high birth rate, among adolescents.

18             “(v) A high unemployment rate for  
19             youths and young adults.

20             “(vi) A high rate of high school drop-  
21             outs.

22       “(C) The program shall require each play-  
23       er in the league to attend employment counsel-  
24       ing, job training, and other educational classes  
25       provided under the program, which shall be

1 held at specified times at or near the site of the  
2 games.

3 “(D) The program shall serve only youths  
4 and young adults who demonstrate a need for  
5 such counseling, training, and education pro-  
6 vided by the program, in accordance with cri-  
7 teria for demonstrating need, which shall be es-  
8 tablished by the Secretary, in consultation with  
9 the Advisory Committee.

10 “(E) The basketball games of the league  
11 shall generally be held between the hours of 10  
12 p.m. and 2 a.m. at a location in the neighbor-  
13 hood or community served by the program.

14 “(F) The program shall seek sponsors for  
15 each team in the basketball league. Sponsors  
16 shall be private individuals or businesses in the  
17 neighborhood or community served by the pro-  
18 gram who make financial contributions to the  
19 program or participate in or supplement the  
20 employment, job training, and educational serv-  
21 ices provided to the players under the program  
22 with additional training or educational opportu-  
23 nities.

24 “(G) The program shall comply with any  
25 criteria established by the Secretary, in con-

1           sultation with the Advisory Committee estab-  
2           lished under paragraph (7).

3           “(H) Administrators or organizers of the  
4           program shall receive training and technical as-  
5           sistance provided by eligible advisory entities re-  
6           ceiving grants under paragraph (6).

7           “(4) GRANT AMOUNT LIMITATIONS.—

8           “(A) PRIVATE CONTRIBUTIONS.—The Sec-  
9           retary may not make a grant under paragraph  
10          (1)(A) to an eligible entity that applies for a  
11          grant under this subsection unless the applicant  
12          entity certifies to the Secretary that the entity  
13          will supplement the grant amounts with  
14          amounts of funds from non-Federal sources.

15          “(B) NON-FEDERAL FUNDS.—For pur-  
16          poses of this paragraph, the term ‘funds from  
17          non-Federal sources’ includes amounts from  
18          nonprofit organizations, public housing agen-  
19          cies, States, units of general local government,  
20          and Indian housing authorities, private con-  
21          tributions, any salary paid to staff (other than  
22          from grant amounts under paragraph (1)(A))  
23          to carry out the program of the eligible entity,  
24          in-kind contributions to carry out the program  
25          (as determined by the Secretary after consulta-

tion with the Advisory Committee), the value of any donated material, equipment, or building, the value of any lease on a building, the value of any utilities provided, and the value of any time and services contributed by volunteers to carry out the program of the eligible entity.

“(C) PROHIBITION ON SUBSTITUTION OF FUNDS.—Grant amounts under paragraph (1)(A) and amounts provided by States and units of general local government to supplement grant amounts may not be used to replace other public funds previously used, or designated for use, under this section.

“(D) MAXIMUM AND MINIMUM GRANT AMOUNTS.—

“(i) IN GENERAL.—The Secretary may not make a grant under paragraph (1)(A) to any single eligible entity in an amount less than \$55,000 or exceeding \$130,000, except as provided in clause (ii).

“(ii) EXCEPTION FOR LARGE LEAGUES.—In the case of a league having more than 80 players, a grant under paragraph (1)(A) may exceed \$130,000, but may not exceed the amount equal to 35

1                   percent of the cost of carrying out the mid-  
2                   night basketball league program.

3                   “(5) SELECTION.—The Secretary, in consulta-  
4                   tion with the Advisory Committee, shall select eligi-  
5                   ble entities that have submitted applications to re-  
6                   ceive grants under paragraph (1)(A) in accordance  
7                   with such application procedures as the Secretary  
8                   shall establish by regulation. The Secretary, in con-  
9                   sultation with the Advisory Committee, shall estab-  
10                  lish criteria for selection of applicants to receive  
11                  such grants. The Secretary’s selection process shall  
12                  ensure program participation in city, suburban, and  
13                  rural areas.

14                  “(6) TECHNICAL ASSISTANCE GRANTS.—Tech-  
15                  nical assistance grants under paragraph (1)(B) shall  
16                  be made as follows:

17                         “(A) ELIGIBLE ADVISORY ENTITIES.—  
18                         Technical assistance grants may be made only  
19                         to entities that—

20                                 “(i) are experienced and have exper-  
21                                 tise in establishing, operating, or admin-  
22                                 istering successful and effective programs  
23                                 for midnight basketball and employment,  
24                                 job training, and educational services simi-

1           lar to the programs under paragraph (3);  
2           and

3           “(ii) have provided technical assist-  
4           ance to other entities regarding establish-  
5           ment and operation of such programs.

6           “(B) USE.—Amounts received under tech-  
7           nical assistance grants shall be used to establish  
8           centers for providing technical assistance to en-  
9           tities receiving grants under paragraph (1)(A)  
10          of this subsection and subsection (a) regarding  
11          establishment, operation, and administration of  
12          effective and successful midnight basketball  
13          league programs under this subsection and sub-  
14          section (c)(3).

15          “(C) NUMBER AND AMOUNT.—To the ex-  
16          tent that amounts are provided in appropria-  
17          tions Acts under paragraph (11)(B) in each fis-  
18          cal year, the Secretary shall make technical as-  
19          sistance grants under paragraph (1)(B). In  
20          each fiscal year that such amounts are available  
21          the Secretary shall make 4 such grants, as fol-  
22          lows:

23               “(i) 2 grants shall be made to eligible  
24               advisory entities for development of mid-

1 night basketball league programs in public  
2 housing projects.

3 “(ii) 2 grants shall be made to eligible  
4 advisory entities for development of mid-  
5 night basketball league programs in subur-  
6 ban or rural areas.

7 Each grant shall be in an amount not exceeding  
8 \$25,000.

9 “(7) ADVISORY COMMITTEE.—The Secretary  
10 shall appoint an Advisory Committee to assist the  
11 Secretary in providing grants under this subsection.  
12 The Advisory Committee shall be composed of not  
13 more than 7 members, including the following:

14 “(A) Individuals involved in managing or  
15 administering midnight basketball programs  
16 that the Secretary determines have been suc-  
17 cessful and effective.

18 “(B) A representative of the Center for  
19 Substance Abuse Prevention of the Public  
20 Health Service, Department of Health and  
21 Human Services, who is involved in administer-  
22 ing the grant program for prevention, treat-  
23 ment, and rehabilitation model projects for high  
24 risk youth under section 509A of the Public  
25 Health Service Act (42 U.S.C. 290aa–8), who

1 shall be selected by the Secretary of Health and  
2 Human Services.

3 “(C) A representative of the Department  
4 of Education, who shall be selected by the Sec-  
5 retary of Education.

6 “(D) A representative of the Department  
7 of Health and Human Services, who shall be se-  
8 lected by the Secretary of Health and Human  
9 Services from among officers and employees of  
10 the Department involved in issues relating to  
11 high-risk youth.

12 “(8) REPORTS.—The Secretary shall require  
13 each eligible entity receiving a grant under para-  
14 graph (1)(A) and each eligible advisory entity receiv-  
15 ing a grant under paragraph (1)(B) to submit to the  
16 Secretary, for each year in which grant amounts are  
17 received by the entity, a report describing the activi-  
18 ties carried out with such amounts.

19 “(9) STUDY.—To the extent amounts are pro-  
20 vided under appropriation Acts pursuant to para-  
21 graph (11)(C), the Secretary shall make a grant to  
22 one entity qualified to carry out a study under this  
23 paragraph. The entity shall use such grant amounts  
24 to carry out a scientific study of the effectiveness of  
25 midnight basketball league programs under para-

1 graph (3) of eligible entities receiving grants under  
2 paragraph (1)(A). The Secretary shall require such  
3 entity to submit a report describing the study and  
4 any conclusions and recommendations resulting from  
5 the study to the Congress and the Secretary not  
6 later than the expiration of the 2-year period begin-  
7 ning on the date that the grant under this para-  
8 graph is made.

9 “(10) DEFINITIONS.—For purposes of this sub-  
10 section—

11 “(A) the term ‘Advisory Committee’ means  
12 the Advisory Committee established under para-  
13 graph (7);

14 “(B) the term ‘eligible advisory entity’  
15 means an entity described in paragraph (6)(A);

16 “(C) the term ‘eligible entity’ means an en-  
17 tity described in paragraph (2)(A);

18 “(D) the term ‘federally assisted low-in-  
19 come housing’ has the meaning given the term  
20 in section 5126 of the Public and Assisted  
21 Housing Drug Elimination Act of 1990; and

22 “(E) the term ‘Secretary’, unless otherwise  
23 specified, means the Secretary of Housing and  
24 Urban Development.

1 “(11) AUTHORIZATION OF APPROPRIATIONS.—

2 There are authorized to be appropriated—

3 “(A) for grants under paragraph (1)(A),  
4 \$2,650,000 for fiscal year 1996;

5 “(B) for technical assistance grants under  
6 paragraph (1)(B), \$100,000 for fiscal year  
7 1996; and

8 “(C) for a study grant under paragraph  
9 (9), \$250,000 for each of the fiscal years 1995  
10 and 1996.”.

11 **SEC. 263. PUBLIC HOUSING MIDNIGHT BASKETBALL**  
12 **LEAGUE PROGRAMS.**

13 Section 520(c) of the Cranston-Gonzalez National Af-  
14 fordable Housing Act (42 U.S.C. 11903a(c)) is amended  
15 by adding at the end the following new paragraph:

16 “(3) MIDNIGHT BASKETBALL LEAGUE PRO-  
17 GRAMS.—Notwithstanding any other provision of  
18 this subsection and subsection (d), a grant under  
19 this section may be used to carry out any youth  
20 sports program that meets the requirements of a  
21 midnight basketball league program under sub-  
22 section (l)(4) (not including subparagraph (B) of  
23 such subsection) if the program serves primarily  
24 youths and young adults from the public housing

1 project in which the program assisted by the grant  
2 is operated.”.

3 **Subtitle H—Miscellaneous**  
4 **Provisions**

5 **SEC. 271. STUDY OF OPERATING SUBSIDY PROGRAM.**

6 (a) STUDY.—The Secretary shall conduct a study of  
7 the operating subsidy program under section 9 of the  
8 United States Housing Act of 1937. The study shall in-  
9 clude examination of—

- 10 (1) how the program is being administered;  
11 (2) alternatives to the current funding mecha-  
12 nism of the program; and  
13 (3) changes to improve the effectiveness of the  
14 program.

15 (b) REPORT TO CONGRESS.—Not later than 1 year  
16 after the date of enactment of this Act, the Secretary shall  
17 submit to the Congress a report containing the results of  
18 the study conducted under subsection (a).

19 **SEC. 272. COMPOSITION OF BOARDS OF DIRECTORS OF**  
20 **PHAS.**

21 Section 2 of the United States Housing Act of 1937  
22 (42 U.S.C. 1437) is amended—

- 23 (1) by striking “SEC. 2.” and inserting “SEC.  
24 2. (a) IN GENERAL.—”; and

1           (2) by adding at the end the following new sub-  
2    section:

“(b) REQUIRED MEMBERSHIP.—Each board of directors of a public housing agency shall contain not less than 1 member who is a resident of a project operated by the public housing agency.”.

7 **SEC. 273. ADVANCED TRAINING IN PUBLIC HOUSING MAN-**  
8 **AGEMENT.**

9 (a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary shall establish and conduct an annual public housing management training institute to provide instruction on the following subjects, as they relate to public housing:

14 (A) Public housing management.

15 (B) Crime prevention and tenant security.

16 (C) Real estate law and procedure.

(D) Tax credit financing of low- and moderate-income housing.

19 (E) Financial management.

20 (F) Such other subjects as the Secretary  
21 may determine.

(2) CONTRACT AUTHORITY.—The Secretary may contract with a private entity to conduct the training institute established under this subsection.

25 (b) PARTICIPANTS.—

1           (1) COMPETITION.—The Secretary shall estab-  
 2       lish a competition to select participants in each  
 3       training institute conducted under this section. The  
 4       selection criteria for such competition shall be de-  
 5       signed to ensure that the participants for each train-  
 6       ing institute include, to the extent possible—

7                   (A) executive directors of public housing  
 8       agencies and their principal deputies;

9                   (B) senior public housing executives and  
 10      managers;

11                  (C) members of boards of directors of pub-  
 12      lic housing agencies; and

13                  (D) public housing tenant leaders.

14           (2) PARTICIPANTS LIMITED.—Not more than  
 15      150 participants shall attend an executive training  
 16      institute held pursuant to this section.

17      (c) AUTHORIZATION.—There are authorized to be ap-  
 18      propriated to carry out this section such sums as may be  
 19      necessary for fiscal years 1995 and 1996.

20   **SEC. 274. DEREGULATION OF PUBLIC HOUSING AGENCIES.**

21      (a) PUBLIC HOUSING AGENCIES THAT OWN AND OP-  
 22      ERATE LESS THAN 100 DWELLING UNITS.—

23           (1) PUBLIC HOUSING MANAGEMENT REFORM.—  
 24      Section 6(j)(1) of the United States Housing Act of  
 25      1937 (42 U.S.C. 1437d(j)(1)) is amended—

1 (A) by redesignating subparagraphs (A)  
2 through (H) as clauses (i) through (viii), re-  
3 spectively;

4 (B) by inserting immediately before clause  
5 (i), as redesignated, the following new subpara-  
6 graph:

7 “(A) For public housing agencies that own  
8 and operate 100 or more public housing dwell-  
9 ing units—”; and

10 (C) by adding at the end the following new  
11 subparagraph:

12 “(B) For public housing agencies that own  
13 and operate fewer than 100 public housing  
14 dwelling units:

15 “(i) The number and percentage of  
16 vacancies within an agency’s inventory, in-  
17 cluding the progress that an agency has  
18 made within the previous 3 years to reduce  
19 such vacancies.

20 “(ii) The percentage of rents uncol-  
21 lected.

22 “(iii) The ability of the agency to  
23 produce and use accurate and timely  
24 records of monthly income and expenses

1 and to maintain at least a 3-month re-  
2 serve.

3 “(iv) The annual inspection of occu-  
4 pied units and the agency’s ability to re-  
5 spond to maintenance work orders.

6 “(v) In the case of agencies receiving  
7 funds under section 14 of this Act, the  
8 percentage of such funds that are under  
9 annual contributions contract to the public  
10 housing agency and that remain unobli-  
11 gated after 3 years.”.

12 (2) OPERATING SUBSIDY.—Section 9(a) of the  
13 United States Housing Act of 1937 (42 U.S.C.  
14 1437g(a)) is amended—

15 (A) in the first sentence of paragraph  
16 (3)(A), by inserting immediately after “pay-  
17 ments under this section” the following: “to  
18 public housing agencies that own and operate  
19 100 or more public housing dwelling units”;  
20 and

21 (B) by adding at the end the following new  
22 paragraph:

23 “(4) FORMULA.—

24 “(A) IN GENERAL.—The Secretary shall  
25 make payments under this section (except for

1 payments under paragraph (1)(B)) to public  
2 housing agencies that own and operate fewer  
3 than 100 public housing dwelling units on the  
4 basis of a formula contained in regulations is-  
5 sued by the Secretary after notice and oppor-  
6 tunity for public comment.

7 “(B) REQUIREMENTS.—The formula de-  
8 scribed in subparagraph (A) shall—

9 “(i) be established in consultation  
10 with public housing agencies, be contained  
11 in a regulation promulgated by the Sec-  
12 retary before the start of any fiscal year to  
13 which it applies;

14 “(ii) remain in effect for the duration  
15 of such year without change; and

16 “(iii) provide for a reasonable transi-  
17 tion from the method for determining oper-  
18 ating subsidy under paragraph (3) to the  
19 method contained in this paragraph.

20 “(C) THREE-YEAR PERIOD FOR AP-  
21 PEALS.—The Secretary shall afford agencies  
22 subject to this paragraph a 3-year period within  
23 which to appeal the methodology used in the  
24 formula established pursuant to this paragraph  
25 as it pertains to the agency.”.

1       (b) HIGH-PERFORMING PUBLIC HOUSING AGEN-  
2 CIES.—

3           (1) RETENTION OF SAVINGS FROM EFFICIENT  
4 MANAGEMENT.—Section 6(e) the United States  
5 Housing Act of 1937 (42 U.S.C. 1437d(e)) is  
6 amended to read as follows:

7       “(e) TREATMENT OF SAVINGS.—

8           “(1) IN GENERAL.—Any income (other than  
9 rental or investment income) generated by a high-  
10 performing public housing agency that exceeds the  
11 income estimated by the agency to be generated, ac-  
12 cording to the agency’s annual operating budget,  
13 shall be excluded in subsequent years in calculating  
14 the amount of the operating subsidy provided under  
15 section 9 to the agency. Such savings shall be re-  
16 tained by the agency for other housing purposes.

17       “(2) HIGH-PERFORMING PUBLIC HOUSING  
18 AGENCY.—For purposes of paragraph (1), the term  
19 ‘high-performing public housing agency’ means, with  
20 respect to a year, a public housing agency that has  
21 been designated pursuant to subsection (j) as a  
22 high-performing public housing agency for the most  
23 recent fiscal year ending before the commencement  
24 of such year.”.

1           (2) WAIVER OF RULES AND REPORTS.—Section  
2       6(j) of the United States Housing Act of 1937 (42  
3       U.S.C. 1437d(j)), as amended by subsection (a), is  
4       amended by adding at the end the following new  
5       paragraph:

6           “(5) WAIVER OF RULES AND REPORTS.—

7           “(A) IN GENERAL.—Except as provided in  
8       subparagraph (B), the Secretary may, for pub-  
9       lic housing agencies designated pursuant to  
10      subsection (e) as high-performing public hous-  
11      ing agencies with respect to a fiscal year, waive  
12      (by regulation issued under subparagraph (C))  
13      the applicability for the ensuing fiscal year of  
14      regulatory requirements otherwise applicable to  
15      public housing agencies to the extent appro-  
16      priate, as determined by the Secretary, to facili-  
17      tate more efficient operation of such agencies.

18          “(B) EXCEPTION.—The Secretary may not  
19      waive the applicability of any provision—

20           “(i) limiting occupancy of public hous-  
21      ing to low-income families;

22           “(ii) under section 18 requiring re-  
23      placement of units in the case of demoli-  
24      tion or disposition;

1 “(iii) under the Uniform Relocation  
 2 Assistance and Real Property Acquisition  
 3 Policies Act of 1970;

4 “(iv) that prohibits, or the purpose of  
 5 which is to protect persons against, dis-  
 6 crimination on the basis of race, color, reli-  
 7 gion, sex, marital status, national origin,  
 8 age, or handicap, or that relates to fair  
 9 housing or equal opportunity; or

10 “(v) of chapter 75 of title 31, United  
 11 States Code.

12 “(C) WAIVER OF REGULATORY PROVI-  
 13 SIONS.—Not later than August 31, 1995, the  
 14 Secretary shall publish in the Federal Register  
 15 a proposed rule providing for the waiver of the  
 16 regulatory provisions to be waived pursuant to  
 17 this paragraph and identifying such provisions.  
 18 The Secretary shall publish such proposed rule  
 19 at a time during fiscal year 1995 determined by  
 20 the Secretary to be sufficient to provide notice  
 21 and an opportunity for public comment before  
 22 issuance of a final rule under this paragraph.”.

23 (c) PHMAP MODERNIZATION FACTOR.—Section  
 24 6(j)(1)(A)(ii) of such Act (42 U.S.C. 1437d(j)(1)(A)(ii)),

1 as redesignated by subsection (a)(2), is amended to read  
 2 as follows:

3 “(ii) The percentage of funds under  
 4 section 14 that are under annual contribu-  
 5 tions contract to the public housing agency  
 6 and that remain unobligated after 3  
 7 years.”.

8 **TITLE III—HOMEOWNERSHIP**  
 9 **Subtitle A—Expanded Single Fam-**  
 10 **ily Homeownership Opportuni-**  
 11 **ties**

12 **SEC. 301. MAXIMUM DOLLAR AMOUNT FOR FHA SINGLE**  
 13 **FAMILY MORTGAGES.**

14 Subparagraph (A) of the first sentence of section  
 15 203(b)(2) of the National Housing Act (12 U.S.C.  
 16 1709(b)(2)) is amended by striking clause (ii) and all that  
 17 follows through “May 12, 1992;” and inserting the follow-  
 18 ing—

19 “(ii) 75 percent of the dollar amount  
 20 limitation determined under section  
 21 305(a)(2) of the Federal Home Loan  
 22 Mortgage Corporation Act for a residence  
 23 of the applicable size;  
 24 except that the applicable dollar amount limita-  
 25 tion in effect for any area under this subpara-

graph may not be less than the greater of the dollar amount limitation in effect under this section for the area on the date of enactment of the Housing Choice and Community Investment Act of 1994 or 38 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size;”.

**SEC. 302. STREAMLINED REFINANCING FOR HUD-HELD MORTGAGES.**

(a) MISCELLANEOUS HOUSING INSURANCE.—Section 223 of the National Housing Act (12 U.S.C. 1715n(a)) is amended—

(1) in subsection (a)—

(A) in paragraph (7), by striking the colon immediately preceding the second proviso and all that follows through “; or” and inserting a semicolon;

(B) in paragraph (8), by striking the period at the end and inserting “; or”; and

(C) by adding at the end the following new paragraph:

“(9) given to refinance a mortgage held by the Secretary, upon such terms and conditions as the

1 Secretary may prescribe, covering property on which  
2 there is located a 1- to 4-family residence, or a 1-  
3 family unit in a condominium project, which mort-  
4 gage was formerly insured under this Act and subse-  
5 quently assigned to the Secretary pursuant to sec-  
6 tion 230 if—

7 “(A) the mortgagor has not previously refi-  
8 nanced a mortgage pursuant to this paragraph;

9 “(B) the mortgagor has made all payments  
10 due under the note secured by the existing  
11 mortgage and all payments due under the note  
12 for not less than the immediately preceding 6  
13 months, or the mortgagor is under a forbear-  
14 ance agreement and has made all payments due  
15 under the note secured by the existing mort-  
16 gage for not less than the immediately preced-  
17 ing 6 months;

18 “(C) the principal amount of the refinanc-  
19 ing mortgage does not exceed the outstanding  
20 principal balance of the existing mortgage by  
21 more than additional amounts owed by the  
22 mortgagor due to the delinquency and to the re-  
23 ceipt of assignment assistance under section  
24 230;

1           “(D) the monthly payment due under the  
2           refinancing mortgage does not exceed the  
3           monthly payment due under the existing mort-  
4           gage;

5           “(E) the refinancing mortgage has a term  
6           of not more than 12 years in excess of the  
7           unexpired term of the assigned mortgage; and

8           “(F) the refinancing mortgage is insured  
9           under section 203(b) or 221(d)(2), at the op-  
10          tion of the mortgagee, or under section 234(c)  
11          in the case of a condominium.”; and

12          (2) by adding at the end the following new sub-  
13          section:

14          “(h) MATURITY AND PRINCIPAL OBLIGATIONS OF  
15          MORTGAGES.—A mortgage of the character described in  
16          paragraphs (1) through (6) of subsection (a) shall have  
17          a maturity and a principal obligation not in excess of the  
18          maximums prescribed under the applicable section or title  
19          of this Act, except that in no case may the principal obli-  
20          gation of a mortgage referred to in subsection (a)(5) ex-  
21          ceed 90 percent of the appraised value of the mortgage  
22          property, and shall bear interest at such rate as may be  
23          agreed upon by the mortgagor and the mortgagee.”.

24          (b) IMPLEMENTATION.—The Secretary may imple-  
25          ment the authority to refinance a mortgage held by the

1 Secretary under section 223(a)(9) of the National Hous-  
 2 ing Act, as added by subsection (a), by notice published  
 3 in the Federal Register setting forth such requirements  
 4 as may be necessary.

5 (c) LIMITATIONS ON AUTHORITY.—The authority to  
 6 refinance a mortgage held by the Secretary under section  
 7 223(a)(9) of the National Housing Act, as added by sub-  
 8 section (a), shall terminate 30 months after the date of  
 9 enactment of this Act.

10 **SEC. 303. INNOVATIVE AFFORDABLE HOUSING DEM-**  
 11 **ONSTRATIONS.**

12 Title II of the National Housing Act (12 U.S.C. 1707  
 13 et seq.) is amended by adding at the end the following  
 14 new section:

15 **“SEC. 256. INNOVATIVE AFFORDABLE HOUSING DEM-**  
 16 **ONSTRATIONS.**

17 “(a) AUTHORIZATION.—Notwithstanding any other  
 18 provision of this Act, the Secretary may carry out dem-  
 19 onstrations in accordance with this section that increase  
 20 homeownership opportunities through—

21 “(1) the insurance under this title of alternative  
 22 mortgage instruments; and

23 “(2) partnerships with—

24 “(A) the Federal Home Loan Mortgage  
 25 Corporation;

1           “(B) the Federal National Mortgage Asso-  
2           ciation;

3           “(C) the Federal Home Loan Banks and  
4           their members;

5           “(D) State and local housing finance agen-  
6           cies; and

7           “(E) private mortgage insurance compa-  
8           nies.

9           “(b) ELIGIBLE DEMONSTRATIONS.—The demonstra-  
10          tions under this section shall be approved by the Secretary  
11          only if they increase homeownership opportunities for fam-  
12          ilies with incomes that do not exceed the median income  
13          for the area (as determined by the Secretary and adjusted  
14          for family size), stabilize or revitalize neighborhoods, or  
15          address special needs by—

16               “(1) testing the pricing of alternative mortgage  
17               instruments; or

18               “(2) facilitating partnerships between the Sec-  
19          retary and the entities described in subsection  
20          (a)(2), pursuant to which mortgage insurance pro-  
21          vided by the Secretary will be used as a credit en-  
22          hancement in connection with the mortgage lending  
23          and secondary market activities of such entities (in-  
24          cluding activities under paragraph (1)), except that  
25          such partnerships may be entered into only if they

1 result in an equitable allocation of the risks and ben-  
2 efits of the demonstration among the Secretary and  
3 the participating entities.

4 Such demonstrations shall be subject to the requirements  
5 of section 203(b) with respect to the maximum mortgage  
6 amount and downpayment requirements.

7 “(c) LIMITATIONS.—Each demonstration under this  
8 section may be approved for a term of not more than 3  
9 years. The term of an insured mortgage or activity may  
10 extend beyond the term of the demonstration. The total  
11 mortgage amount insured pursuant to demonstrations  
12 under this section may not exceed \$1,000,000,000 for  
13 each fiscal year.

14 “(d) AUTHORIZATION.—There are authorized to be  
15 appropriated such sums as may be necessary to cover the  
16 costs to the Federal Government under section 502 of the  
17 Federal Credit Reform Act of 1990 resulting from losses  
18 apportioned to the Secretary under the demonstrations  
19 conducted pursuant to this section.

20 “(e) REPORTS TO CONGRESS.—

21 “(1) INITIAL REPORT.—Prior to commencing  
22 each demonstration under this section, the Secretary  
23 shall submit to the Committee on Banking, Housing,  
24 and Urban Affairs of the Senate and the Committee  
25 on Banking, Finance and Urban Affairs of the

1 House of Representatives a report containing a de-  
2 tailed description of the purpose and scope of the  
3 demonstration.

4 “(2) PROGRESS REPORT.—For each demonstra-  
5 tion under this section, the Secretary shall prepare  
6 an annual progress report to be included in the an-  
7 nual management report submitted to Congress by  
8 the Federal Housing Administration.

9 “(3) FINAL REPORT.—Not later than 6 months  
10 after the completion of each demonstration, the Sec-  
11 retary shall submit a report to the Committee on  
12 Banking, Housing, and Urban Affairs of the Senate  
13 and the Committee on Banking, Finance and Urban  
14 Affairs of the House of Representatives describing  
15 the results of the demonstration and making any  
16 recommendations for legislation.

17 “(f) DEFINITION.—For purposes of this section, the  
18 term ‘alternative mortgage instrument’ means an instru-  
19 ment secured by an interest in residential real property,  
20 a dwelling, all stock allocated to a dwelling unit in a resi-  
21 dential cooperative housing corporation, or a residential  
22 manufactured home (as that term is defined in section 603  
23 of the National Manufactured Home Construction and  
24 Safety Standards Act of 1974)—

1 “(1) in which the interest rate or finance  
2 charge may be adjusted or renegotiated;

3 “(2) involving a fixed-rate, but which implicitly  
4 permits rate adjustments by having the debt mature  
5 at the end of an interval shorter than the term of  
6 the amortization schedule; or

7 “(3) involving any similar type of rate, method  
8 of determining return, term, repayment, or other  
9 variation not common to traditional fixed-rate, fixed-  
10 term transactions, including transactions that in-  
11 volve the sharing of equity or appreciation; described  
12 and defined by applicable regulation.”.

13 **SEC. 304. SINGLE FAMILY RISK-SHARING MORTGAGE IN-**  
14 **SURANCE PROGRAM.**

15 (a) AUTHORIZATION.—Title II of the National Hous-  
16 ing Act (42 U.S.C. 1701 et seq.), as amended by section  
17 303, is amended by adding the following new section:

18 **“SEC. 257. SINGLE FAMILY RISK-SHARING WITH STATE AND**  
19 **LOCAL AGENCIES.**

20 “(a) AUTHORITY.—

21 “(1) IN GENERAL.—The Secretary may insure  
22 and make commitments to insure mortgages on sin-  
23 gle family properties in high cost areas under risk-  
24 sharing mortgage insurance programs established  
25 with one or more States or State or local agencies

1 in accordance with this section. Only mortgages exe-  
2 cuted in connection with the acquisition of a single  
3 family property or the refinancing of a mortgage in-  
4 sured under this section shall be eligible.

5 “(2) RISK-SHARING.—Under the risk-sharing  
6 programs authorized under paragraph (1), the Sec-  
7 retary shall insure a portion of the mortgage and the  
8 State or the State or local agency shall insure the  
9 remainder of the mortgage. In each risk-sharing  
10 agreement between the Secretary and the State or  
11 the State or local agency, the State or the State or  
12 local agency shall be in a position subordinate to  
13 that of the Secretary.

14 “(b) PURPOSES.—The purposes of the programs au-  
15 thorized under this section are—

16 “(1) to increase the availability of single family  
17 mortgage financing in areas in which there is need  
18 for mortgage insurance under this Act that cannot  
19 be met due to particularly high average median  
20 house prices in the area; and

21 “(2) to foster arrangements with States and  
22 State and local agencies to share the risk of insuring  
23 mortgages on properties located in high cost areas.

24 “(c) APPLICATIONS.—

1           “(1) APPROVAL.—The Secretary may approve  
2           an application submitted by a State or a State or  
3           local agency to establish a risk-sharing program  
4           under this section, based on a determination that  
5           the State or State or local agency has demonstrated  
6           that the State or State or local agency—

7                   “(A) has the authority to participate in the  
8                   risk-sharing mortgage insurance program;

9                   “(B) has carried out, or has the potential  
10                  to carry out, a financially sound, efficient, and  
11                  effective mortgage insurance program;

12                  “(C) has the ongoing administrative and  
13                  financial capacity necessary to carry out a pro-  
14                  gram under this section, including the capacity  
15                  to maintain a top tier or equivalent rating; and

16                  “(D) will set aside reserves or provide  
17                  other equivalent financial guarantees to cover  
18                  its share of losses in the program under this  
19                  section.

20           “(2) CANCELLATION OF APPROVAL.—

21                   “(A) IN GENERAL.—The Secretary may  
22                  cancel the approval of a State or State or local  
23                  agency made under paragraph (1)—

24                           “(i) if the Secretary determines that  
25                           the State or State or local agency has vio-

1           lated the requirements or procedures of the  
2           risk-sharing agreement between the State  
3           or State or local agency and the Secretary;  
4           or

5           “(ii) for other good cause, as deter-  
6           mined by the Secretary.

7           “(B) EFFECTIVE DATE.—A cancellation of  
8           approval under this paragraph shall take effect  
9           on the later of—

10           “(i) the date on which the State or  
11           State or local agency receives notice from  
12           the Secretary of such cancellation; and

13           “(ii) a date specified by the Secretary.

14           “(C) NONREVIEWABILITY.—A decision by  
15           the Secretary to cancel approval under this  
16           paragraph—

17           “(i) shall be final and conclusive and  
18           shall not be subject to judicial review; and

19           “(ii) shall not affect risk-sharing  
20           agreements between the Secretary and the  
21           State or State or local agency executed on  
22           or before the date of such cancellation.

23           “(d) DELEGATION OF AUTHORITY TO INSURE.—The  
24           Secretary shall delegate the authority to insure and make  
25           commitments to insure the portion of mortgages to be in-

1   sured by the Secretary under this section to a State or  
2   State or local agency pursuant to a risk-sharing agreement  
3   with the State or State or local agency. The risk-sharing  
4   agreement shall contain such terms and conditions to  
5   which the Secretary and the State or State or local agency  
6   agree.

7       “(e) UNDERWRITING STANDARDS AND LOAN TERMS  
8   AND CONDITIONS.—For purposes of underwriting loans to  
9   be insured under this section, the State or State or local  
10   agency shall adopt underwriting standards and loan terms  
11   and conditions. Such standards, terms, and conditions  
12   shall be no less stringent than those required under sec-  
13   tion 203(b) and shall be subject to the approval of the  
14   Secretary.

15       “(f) MORTGAGE INSURANCE PREMIUMS.—

16           “(1) IN GENERAL.—The State or State or local  
17   agency shall require the payment of mortgage insur-  
18   ance premiums by mortgagors.

19           “(2) SHARING.—The Secretary shall establish  
20   policies and procedures for the sharing of premiums  
21   between the Secretary and the State or State or  
22   local agency, based on the relative risk to, and ad-  
23   ministrative costs incurred by, the Secretary and the  
24   State or State or local agency. The share of mort-  
25   gage insurance premiums paid to the Secretary shall

1 not be less than an amount necessary to cover the  
2 risk to, and administrative costs incurred by, the  
3 Secretary.

4 “(g) ELIGIBLE MORTGAGES.—

5 “(1) ELIGIBLE HIGH COST AREAS.—The Sec-  
6 retary may insure mortgages under this section only  
7 if such mortgages cover single family properties lo-  
8 cated in areas in which 95 percent of the median 1-  
9 family house prices in the area exceeds the maxi-  
10 mum amount the Secretary may insure under sec-  
11 tion 203(b)(2)(A)(ii).

12 “(2) LIMITATIONS ON MORTGAGE AMOUNT.—

13 “(A) AMOUNT INSURED BY THE SEC-  
14 RETARY.—The total mortgage amount insured  
15 under this section by the Secretary may not ex-  
16 ceed an amount equal to the lesser of—

17 “(i) 80 percent of the appraised value  
18 of the property; or

19 “(ii) the maximum amount the Sec-  
20 retary may insure under section 203(b) of  
21 this Act for the area (but not including  
22 any amount for a mortgage insurance pre-  
23 mium).

1           “(B) MAXIMUM AMOUNT INSURED UNDER  
2 THIS SECTION.—The total principal amount of  
3 a mortgage insured under this section—

4           “(i) shall exceed the maximum  
5 amount the Secretary may insure under  
6 subparagraph (A) of the first sentence of  
7 section 203(b)(2) for the area; and

8           “(ii) may not exceed the conforming  
9 loan limitation determined under section  
10 305(a)(2) of the Federal Home Loan  
11 Mortgage Corporation Act for a residence  
12 of the applicable size, as adjusted annually.

13           “(C) AMOUNT INSURED BY THE STATE OR  
14 STATE OR LOCAL AGENCY.—The total mortgage  
15 amount insured under this section by the State  
16 or State or local agency shall be the difference  
17 between the mortgage amount and the maxi-  
18 mum amount the Secretary may insure under  
19 subparagraph (A) of the first sentence of sec-  
20 tion 203(b)(2) for the area.

21           “(D) ADDITIONAL RESTRICTION.—The  
22 principal obligation of a mortgage may not ex-  
23 ceed the amount equal to the sum of—

1           “(i) the amount determined in accord-  
2           ance with subparagraph (B) of the first  
3           sentence of section 203(b)(2); and

4           “(ii) the mortgage insurance pre-  
5           mium.

6           “(3) REFINANCING.—Notwithstanding para-  
7           graph (2), in the case of refinancing of an existing  
8           mortgage insured under this section, the principal  
9           obligation of a refinancing mortgage may not exceed  
10          the amount equal to the sum of—

11           “(i) the outstanding principal balance  
12           of the existing mortgage; and

13           “(ii) any mortgage insurance pre-  
14           mium.

15          “(h) INSURANCE CLAIMS.—

16           “(1) IN GENERAL.—In the case of a default  
17           and foreclosure of a mortgage insured under this  
18           section, the mortgagee may file a claim with the  
19           State or State or local agency for insurance benefits  
20           in accordance with requirements established by the  
21           State or State or local agency and approved by the  
22           Secretary. The State or State or local agency shall  
23           pay the full amount of the claim owed to the mort-  
24           gagee. If the loss on the insured mortgage exceeds  
25           the amount insured by the State or State or local

1       agency, the Secretary shall reimburse the State or  
2       State or local agency for the difference.

3           “(2) GENERAL INSURANCE FUND.—The insur-  
4       ance of a mortgage under this section by the Sec-  
5       retary shall be an obligation of the General Insur-  
6       ance Fund created pursuant to section 519.

7           “(i) INAPPLICABILITY OF THE ASSIGNMENT AND  
8       FORECLOSURE PROGRAMS.—Section 230 shall not apply  
9       to mortgages insured under a program authorized by this  
10      section. The Secretary shall not otherwise acquire any  
11      property securing a mortgage insured under this section.

12          “(j) LIMITATION.—The total mortgage amount in-  
13      sured under this section may not exceed \$750,000,000 for  
14      each fiscal year.

15          “(k) DEFINITIONS.—For purposes of this section, the  
16      following definitions shall apply:

17           “(1) LOCAL AGENCY.—The term ‘local agency’  
18      means an agency of a unit of general local govern-  
19      ment, as defined by the Secretary, that has the au-  
20      thority to participate with the Secretary in the single  
21      family risk-sharing program under this section, or  
22      an agency or instrumentality of a local agency if the  
23      agency or instrumentality has such authority.

24           “(2) STATE AGENCY.—The term ‘State agency’  
25      means an agency of a State that has the authority

1 to participate with the Secretary in the single family  
2 risk-sharing program under this section, or an agen-  
3 cy or instrumentality of a State agency if the agency  
4 or instrumentality has such authority.

5 “(3) SINGLE FAMILY PROPERTY.—The term  
6 ‘single family property’ means a property upon  
7 which there is located a 1- to 4-family dwelling de-  
8 signed principally for occupancy by the borrower,  
9 and includes a condominium and a cooperative.

10 “(4) STATE.—The term ‘State’ means the sev-  
11 eral States and Puerto Rico, the District of Colum-  
12 bia, Guam, the Trust Territory of the Pacific Is-  
13 lands, American Samoa, and the Virgin Islands.”.

14 (b) IMPLEMENTATION.—The Secretary shall, by pro-  
15 posed rule published in the Federal Register, establish  
16 such requirements as may be necessary to carry out this  
17 section. Not later than 12 months after the date of enact-  
18 ment of this Act, the Secretary shall issue final regulations  
19 based on the proposed rule after notice and opportunity  
20 for public comment.

21 **SEC. 305. HOMEOWNERSHIP COUNSELING AND OUTREACH.**

22 (a) IN GENERAL.—Section 106(a) of the Housing  
23 and Urban Development Act of 1968 (12 U.S.C.  
24 1701x(a)) is amended—

25 (1) in paragraph (1)—

1 (A) in the matter preceding clause (i), by  
2 inserting “or consortia of organizations” after  
3 “organizations”;

4 (B) in clause (iii), by striking “and” at the  
5 end;

6 (C) in clause (iv), by striking the period at  
7 the end and inserting “; and”; and

8 (D) by adding at the end the following new  
9 clause:

10 “(v) the provision of outreach activi-  
11 ties designed to improve the access of low-  
12 and moderate-income households to home-  
13 ownership opportunities and sources of  
14 mortgage credit.”;

15 (2) in the second sentence of paragraph (2)—

16 (A) by striking “clause (iii)” and inserting  
17 “clauses (iii) and (v)”;

18 (B) by inserting after “organizations” the  
19 following: “or consortia of organizations”; and

20 (3) by striking paragraph (3) and inserting the  
21 following:

22 “(3) CONTRACTING AUTHORITY.—The Sec-  
23 retary may contract with national, State, or commu-  
24 nity-based entities, and consortia of such entities, to  
25 carry out activities under paragraph (1)(v). Contrac-

1       tors shall be selected on a competitive basis, in ac-  
2       cordance with selection criteria determined by the  
3       Secretary. The contractors shall carry out activities  
4       prescribed by the Secretary, including—

5               “(A) leveraging Federal funds with other  
6       sources of funding to support activities under  
7       the contractor’s counseling program, including  
8       leveraging private resources for the purpose of  
9       assisting prospective mortgagors achieve home-  
10      ownership;

11              “(B) conducting outreach and marketing  
12      to prospective homebuyers, particularly those in  
13      neighborhoods with a high proportion of low-  
14      and moderate-income and minority renter  
15      households;

16              “(C) implementing a coordinated  
17      prepurchase homeownership strategy that—

18                      “(i) links other HUD-approved coun-  
19                      seling providers and community-based or-  
20                      ganizations;

21                      “(ii) assists prospective homebuyers to  
22                      repair credit;

23                      “(iii) educates potential homebuyers  
24                      on the requirements of homeownership;

25                      “(iv) provides technical assistance;

1           “(v) assists in the packaging of mort-  
2           gage loan applications;

3           “(vi) matches a family’s resources  
4           with appropriate Government and private  
5           sector homeownership assistance programs;  
6           and

7           “(vii) offers post-purchase and de-  
8           fault-prevention counseling; and

9           “(D) working with the mortgage lending  
10          industry to overcome mortgage credit barriers  
11          to potential homebuyers.”.

12          (b) REPEAL OF TERMINATION PROVISIONS.—Section  
13   106 of the Housing and Urban Development Act of 1968  
14   (12 U.S.C. 1701x) is amended by striking—

15           (1) subsection (a)(3);

16           (2) paragraphs (8) and (9) of subsection (c);

17           (3) paragraphs (12) and (13) of subsection (d);

18          and

19           (4) subsection (f)(7).

20          (c) AUTHORIZATION OF APPROPRIATIONS.—Section  
21   106 of the Housing and Urban Development Act of 1968  
22   (12 U.S.C. 1701x) is amended by adding at the end the  
23   following new subsection:

24          “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
25   are authorized to be appropriated for the purposes of this

1 section, \$25,000,000 for fiscal year 1995, and  
 2 \$25,750,000 for fiscal year 1996. Any amounts so appro-  
 3 priated shall remain available until expended.”.

4 **SEC. 306. DELEGATION OF INSURING AUTHORITY TO DI-**  
 5 **RECT ENDORSEMENT MORTGAGEES.**

6 Title II of the National Housing Act (12 U.S.C. 1707  
 7 et seq.), as amended by sections 303 and 304, is amended  
 8 by adding at the end the following new section:

9 **“SEC. 258. DELEGATION OF INSURING AUTHORITY TO DI-**  
 10 **RECT ENDORSEMENT MORTGAGEES.**

11 “(a) IN GENERAL.—

12 “(1) AUTHORITY.—The Secretary may dele-  
 13 gate, to one or more mortgagees approved by the  
 14 Secretary under the direct endorsement program,  
 15 the authority of the Secretary under this Act to in-  
 16 sure mortgages involving property upon which there  
 17 is located a dwelling designed principally for occu-  
 18 pancy by 1 to 4 families.

19 “(2) FACTORS CONSIDERED IN MAKING DETER-  
 20 MINATION.—In determining whether to delegate au-  
 21 thority to a mortgagee under this subsection, the  
 22 Secretary shall take into account—

23 “(A) the experience and performance of  
 24 the mortgagee under the direct endorsement  
 25 program;

1           “(B) the default rate of insured mortgages  
2           originated by the mortgagee compared to the  
3           default rate of all insured mortgages in com-  
4           parable markets; and

5           “(C) such other factors as the Secretary  
6           determines appropriate to minimize risk of loss  
7           to the insurance funds under this Act.

8           “(3) RESTRICTION.—The Secretary shall not  
9           delegate insuring authority pursuant to this section  
10          to a mortgagee approved under the direct endorse-  
11          ment program if the mortgagee has experienced a  
12          default rate on mortgages insured by the Secretary  
13          that exceeds the national default rate on such mort-  
14          gages.

15          “(b) INDEMNIFICATION.—

16               “(1) IN GENERAL.—If the Secretary determines  
17               that a mortgage insured by a mortgagee pursuant to  
18               a delegation of authority under this section was not  
19               originated in accordance with the requirements es-  
20               tablished by the Secretary, and the Secretary pays  
21               an insurance claim with respect to the mortgage  
22               within a reasonable period specified by the Sec-  
23               retary, the Secretary shall require the mortgagee ap-  
24               proved under this section to indemnify the Secretary  
25               for the loss.

1           “(2) FRAUD OR MISREPRESENTATION.—Not-  
2       withstanding paragraph (1), if fraud or misrepresen-  
3       tation is involved in connection with the origination  
4       of the mortgage, the Secretary shall require the  
5       mortgagee approved under this section to indemnify  
6       the Secretary for the loss regardless of when the in-  
7       surance claim is paid.

8           “(c) CANCELLATION.—For a violation of require-  
9       ments and procedures established by the Secretary or for  
10      other good cause, the Secretary may cancel a delegation  
11      of authority under this section by giving notice to the  
12      mortgagee. The cancellation shall be effective immediately  
13      upon receipt of the notice by the mortgagee. A decision  
14      by the Secretary to cancel a delegation shall be final and  
15      conclusive and shall not be subject to judicial review.

16          “(d) REGULATIONS.—The Secretary shall issue regu-  
17      lations establishing requirements and procedures for the  
18      delegation of authority pursuant to this section, and proce-  
19      dures governing the indemnification of the Secretary by  
20      the mortgagee.”.

1           **Subtitle B—Miscellaneous**  
 2                           **Provisions**

3   **SEC. 311. NATIONAL HOMEOWNERSHIP FUND DEMONSTRATION.**  
 4                           **TION.**

5           Subtitle A of title III of the Cranston-Gonzalez Na-  
 6   tional Affordable Housing Act (42 U.S.C. 12851 et seq.)  
 7   is amended to read as follows:

8   **“Subtitle A—National Homeowner-**  
 9           **ship Fund Demonstration**

10   **“SEC. 301. SHORT TITLE.**

11           “‘This subtitle may be cited as the ‘National Home-  
 12   ownership Fund Demonstration Act’.

13   **“SEC. 302. PROGRAM AUTHORITY.**

14           “(a) IN GENERAL.—The Secretary may provide  
 15   grants in accordance with the provisions of this subtitle  
 16   to States, units of general local government, and private  
 17   or public nonprofit organizations. Such grants shall be  
 18   used to provide first-time homebuyers (including home-  
 19   buyers buying shares in limited equity cooperatives) with  
 20   one or more of the following types of assistance:

21           “(1) CLOSING COST ASSISTANCE.—Assistance  
 22           payments through grantees to provide amounts for  
 23           downpayments, closing, and other costs payable at  
 24           the time of closing.

1           “(2) SECOND MORTGAGE ASSISTANCE.—Assist-  
2           ance payments through grantees to provide second  
3           mortgages.

4           “(3) CAPITALIZATION OF REVOLVING LOAN  
5           FUNDS.—Revolving loan funds established by grant-  
6           ees that are public agencies or nonprofit organiza-  
7           tions to provide homeownership assistance consistent  
8           with the requirements of this subtitle. Such grants  
9           shall be matched by an equal amount of State or  
10          local investment. Any proceeds or repayments from  
11          loans made under this paragraph shall be returned  
12          to the revolving loan fund established under this  
13          paragraph to be used for purposes related to this  
14          section.

15          “(b) ELIGIBILITY REQUIREMENTS.—Assistance pay-  
16          ments under this subtitle may be made only if the follow-  
17          ing requirements are met:

18               “(1) FIRST-TIME HOMEBUYER.—The home-  
19               buyer is an individual who—

20                       “(A) (and whose spouse) has had no own-  
21                       ership in a principal residence during the 3-year  
22                       period ending on the date of purchase of the  
23                       property with respect to which assistance pay-  
24                       ments are made under this subtitle;

1           “(B) is a displaced homemaker who, except  
2           for owning a home with his or her spouse or re-  
3           siding in a home owned by the spouse, meets  
4           the requirements of subparagraph (A); or

5           “(C) is a single parent who, except for  
6           owning a home with his or her spouse or resid-  
7           ing in a home owned by the spouse while mar-  
8           ried, meets the requirements of subparagraph  
9           (A).

10          “(2) MAXIMUM INCOME OF HOMEBUYER.—The  
11          aggregate annual income of the homebuyer and the  
12          members of the family of the homebuyer residing  
13          with the homebuyer does not exceed 80 percent of  
14          the area median income adjusted for family size.

15          “(3) PRINCIPAL RESIDENCE.—The property se-  
16          curing the mortgage is a single family residence,  
17          manufactured housing unit, or unit in a cooperative  
18          or condominium and is the principal residence of the  
19          homebuyer.

20          “(4) MAXIMUM MORTGAGE AMOUNT.—The  
21          principal obligation of the first mortgage and any  
22          second mortgage assistance provided under this sub-  
23          title does not exceed the principal amount authorized  
24          to be insured with respect to the property under sec-  
25          tion 203(b) of the National Housing Act.

1 “(c) TERMS OF ASSISTANCE.—

2 “(1) IN GENERAL.—A grantee may provide as-  
3 sistance under this subtitle in the form of grants,  
4 loans, or periodic assistance payments.

5 “(2) SECURITY.—If assistance payments under  
6 this subtitle are secured by a lien on the property in-  
7 volved, such lien shall be subordinate to all mort-  
8 gages existing on the property on the date on which  
9 the first assistance payment is made.

10 “(3) REPAYMENT IF PROPERTY CEASES TO BE  
11 PRINCIPAL RESIDENCE.—If the property for which  
12 assistance payments are made ceases to be the prin-  
13 cipal residence of the first-time homebuyer (or the  
14 family of the homebuyer), the grantee may require  
15 the repayment of all or a portion of the assistance  
16 payments.

17 “(d) ALLOCATION.—

18 “(1) IN GENERAL.—Each applicant shall sub-  
19 mit an application in such form and in accordance  
20 with such procedures as the Secretary shall estab-  
21 lish.

22 “(2) MINIMUM REQUIREMENTS.—An applica-  
23 tion under this section shall contain a plan that de-  
24 scribes how the applicant will achieve the objectives

1 of this subtitle. The application shall contain a de-  
2 scription of—

3 “(A) the geographic area to be covered;

4 “(B) the characteristics of the households  
5 to be served;

6 “(C) any other public and private re-  
7 sources available in connection with assistance  
8 under this subtitle;

9 “(D) any secondary market involvement  
10 and commitment;

11 “(E) any nontraditional capital resources;

12 “(F) the prepurchase counseling assistance  
13 and post-purchase homeownership counseling to  
14 be made available to the borrower;

15 “(G) any restrictions on resale and profits;

16 “(H) resources available to undertake re-  
17 habilitation of properties when needed;

18 “(I) the process for award and disburse-  
19 ment of funds to borrowers; and

20 “(J) the past history of the applicant in  
21 undertaking similar projects.

22 “(3) ESCROW FOR REPAIRS.—An applicant may  
23 be required by the Secretary to establish escrow pro-  
24 cedures for the regular collection of funds from bor-  
25 rowers for use by the borrower to undertake reha-

1       bilitation of properties. Such procedures shall in-  
 2       clude procedures for the return of escrow amounts  
 3       to the borrower upon the sale of the house, for emer-  
 4       gencies, and for other reasons as determined by the  
 5       applicant and the borrower. An escrow account shall  
 6       bear interest at the passbook rate for the benefit of  
 7       the borrower.

8           “(4) SELECTION.—Amounts available in any  
 9       fiscal year for assistance under this subtitle shall be  
 10      allocated to States (including State agencies), units  
 11      of general local government, or public or private  
 12      nonprofit organizations through a national competi-  
 13      tion in accordance with criteria established by the  
 14      Secretary. These criteria shall include—

15           “(A) the extent to which the applicant has  
 16           experience in providing homeownership assist-  
 17           ance to low- and moderate-income households;

18           “(B) the extent of homeownership needs in  
 19           the area; and

20           “(C) the lack of alternative forms of credit  
 21           for first-time homebuyers in the area.

22   **“SEC. 303. DEFINITIONS.**

23       “For purposes of this subtitle, the following defini-  
 24      tions shall apply:

1           “(1) DISPLACED HOMEMAKER.—The term ‘dis-  
2       placed homemaker’ means an individual who—

3           “(A) is an adult;

4           “(B) has not worked full-time in the labor  
5       force for a number of years, but has during  
6       such years, worked primarily without remunera-  
7       tion to care for the home and family; and

8           “(C) is unemployed or underemployed, as  
9       determined by the Secretary, and is experienc-  
10      ing difficulty in obtaining or upgrading employ-  
11      ment.

12          “(2) SINGLE PARENT.—The term ‘single par-  
13      ent’ means an individual who—

14          “(A) is unmarried or legally separated  
15      from a spouse; and

16          “(B)(i) has 1 or more minor children for  
17      whom the individual has custody or joint cus-  
18      tody; or

19          “(ii) is pregnant.

20          “(3) SECRETARY.—The term ‘Secretary’ means  
21      the Secretary of Housing and Urban Development.

22          “(4) STATE.—The term ‘State’ means any of  
23      the States of the United States, the District of Co-  
24      lumbia, the Commonwealth of Puerto Rico, the Com-  
25      monwealth of the Northern Mariana Islands, Guam,

1 the Virgin Islands, American Samoa, the Trust Ter-  
 2 ritory of the Pacific Islands, and any other territory  
 3 or possession of the United States.

4 “(5) UNIT OF GENERAL LOCAL GOVERN-  
 5 MENT.—The term ‘unit of general local government’  
 6 has the same meaning as in section 102(a) of the  
 7 Housing and Community Development Act of 1974.

8 “(6) NONPROFIT ORGANIZATION.—The term  
 9 ‘nonprofit organization’ means an organization—

10 “(A) no part of the net earnings of which  
 11 inures to the benefit of any member, founder,  
 12 contributor, or individual;

13 “(B) that has a voluntary board;

14 “(C) that has an accounting system, or has  
 15 designated a fiscal agent in accordance with re-  
 16 quirements established by the Secretary; and

17 “(D) that practices nondiscrimination in  
 18 the provision of assistance.

19 **“SEC. 304. REPORT.**

20 “Not later than 6 months following the last obligation  
 21 of assistance by grantees under this subtitle, the Secretary  
 22 shall submit to the Committee on Banking, Housing, and  
 23 Urban Affairs of the Senate and the Committee on Bank-  
 24 ing, Finance and Urban Affairs of the House of Rep-  
 25 resentatives a report containing a description of the activi-

1 ties carried out under this subtitle and an analysis of the  
 2 effectiveness of such assistance in assisting first-time  
 3 homebuyers.

4 **“SEC. 305. AUTHORIZATION OF APPROPRIATIONS.**

5       “There are authorized to be appropriated for assist-  
 6 ance payments under this subtitle \$50,000,000 for fiscal  
 7 year 1995 and \$50,000,000 for fiscal year 1996. Amounts  
 8 appropriated under this section shall remain available  
 9 until expended.”.

10 **SEC. 312. SECTION 235 REFINANCING.**

11       Section 235(r) of the National Housing Act (12  
 12 U.S.C. 1715z(r)) is amended—

13           (1) in paragraph (2)(C), by inserting before the  
 14 semicolon the following: “, plus the costs incurred in  
 15 connection with the refinancing as described in para-  
 16 graph (4)(B), to the extent that the amount for  
 17 those costs is not otherwise included in the interest  
 18 rate permitted by subparagraph (E), or paid by the  
 19 Secretary as authorized by paragraph (4)(B)”;

20           (2) in paragraph (4)—

21               (A) by inserting “and the mortgagee with  
 22 respect to the amount described in subpara-  
 23 graph (A)” after “otherwise”; and

24               (B) in subparagraph (A), by inserting  
 25 “and the mortgagee” after “mortgagor”; and

1           (3) by striking paragraph (5) and inserting the  
2           following:

3           “(5) USE OF RECAPTURED AMOUNTS.—The  
4           Secretary shall use amounts of budget authority re-  
5           captured from assistance payments contracts relat-  
6           ing to mortgages that are being refinanced for as-  
7           sistance payments contracts with respect to mort-  
8           gages insured under this subsection. The Secretary  
9           may also make such recaptured amounts available  
10          for incentives under paragraph (4)(A) and the costs  
11          incurred in connection with the refinancing under  
12          paragraph (4)(B). For purposes of subsection  
13          (c)(3)(A), the amount of recaptured budget author-  
14          ity that the Secretary commits for assistance pay-  
15          ments contracts relating to mortgages insured under  
16          this subsection and for amounts paid under para-  
17          graph (4) shall not be construed as ‘unused’.”.

18 **SEC. 313. ENERGY EFFICIENT MORTGAGES PILOT PRO-**  
19 **GRAM.**

20          Section 513(a)(1) of the Housing and Community  
21          Development Act of 1992 (42 U.S.C. 12712 note) is  
22          amended—

23               (1) by striking “5 States” and inserting “10  
24          States”; and

1           (2) by adding at the end the following: “In se-  
 2       lecting States under this paragraph, the Secretary  
 3       shall give preference to any State that has dem-  
 4       onstrated a commitment to participate in an energy  
 5       efficient mortgage program in conjunction with a  
 6       government-sponsored housing enterprise.”.

## 7           **Subtitle C—Authorizations**

### 8       **SEC. 321. LIMITATION ON GNMA GUARANTEES FOR MORT-** 9                               **GAGE-BACKED SECURITIES.**

10       Section 306(g)(2) of the Federal National Mortgage  
 11       Association Charter Act (12 U.S.C. 1721(g)(2)) is amend-  
 12       ed in the first sentence by striking “\$107,700,000,000”  
 13       and all that follows before the period and inserting  
 14       “\$142,000,000,000 during fiscal year 1995 and  
 15       \$142,000,000,000 during fiscal year 1996”.

### 16       **SEC. 322. LIMITATION ON FHA INSURING AUTHORITY.**

17       Section 531(b) of the National Housing Act (12  
 18       U.S.C. 1735f–9(b)) is amended to read as follows:

19       “(b) LIMITATION ON INSURANCE AUTHORITY.—Not-  
 20       withstanding any other provision of law and subject only  
 21       to the absence of qualified requests for insurance, to the  
 22       authority provided in this Act, and to the limitation in  
 23       subsection (a), the Secretary shall enter into commitments  
 24       to insure mortgages under this Act with an aggregate

1 principal amount of \$120,900,000,000 during fiscal year  
 2 1995 and \$120,900,000,000 during fiscal year 1996.”.

3 **SEC. 323. HOPE AUTHORIZATION OF APPROPRIATIONS.**

4 Section 402 of the Cranston-Gonzalez National Af-  
 5 fordable Housing Act (42 U.S.C. 12870) is amended by  
 6 striking subsection (a) and inserting the following:

7 “(a) HOMEOWNERSHIP PROGRAMS.—There are au-  
 8 thorized to be appropriated for activities authorized under  
 9 title III of the United States Housing Act of 1937 and  
 10 subtitles B and C of title IV of this Act \$75,000,000 for  
 11 fiscal year 1995, and \$75,000,000 for fiscal year 1996.  
 12 Of the amounts appropriated under this section—

13 “(1) up to \$25,000,000 shall be available each  
 14 fiscal year for implementation grants to applicants  
 15 who have successfully completed planning grants  
 16 under title III; and

17 “(2) up to 5 percent shall be available for tech-  
 18 nical assistance.”.

19 **SEC. 324. HOME EQUITY CONVERSION MORTGAGES.**

20 (a) PROGRAM EXTENSION.—Section 255(g) of the  
 21 National Housing Act (12 U.S.C. 1715z–20(g)) is amend-  
 22 ed by striking “September 30, 1995” and inserting “Sep-  
 23 tember 30, 1996”.

1 (b) ELIGIBLE RESIDENCES.—Section 255(d)(3) of  
2 the National Housing Act (12 U.S.C. 1715z–20(d)(3)) is  
3 amended to read as follows:

4 “(3) be secured by a dwelling that is designed  
5 principally for a 1- to 4-family residence in which  
6 the mortgagor occupies 1 of the units;”.

7 (c) REPORTS.—Section 255(k) of the National Hous-  
8 ing Act (12 U.S.C. 1715z–20(k)) is amended by adding  
9 at the end the following: “Each biennial report shall also  
10 include the results of a survey conducted during the period  
11 since the most recent report under this subsection to de-  
12 termine—

13 “(A) the financial and other needs of elder-  
14 ly homeowners that cause such homeowners to  
15 consider obtaining home equity conversion  
16 mortgages; and

17 “(B) the extent of consumer satisfaction  
18 regarding the program under this section and  
19 counseling provided pursuant to the require-  
20 ments of this section.

21 In conducting the survey, the Secretary shall consult  
22 a representative sample of mortgagors of mortgages  
23 insured under this section and of elderly home-  
24 owners who have expressed interest in obtaining, but  
25 have not obtained, such mortgages.”.

1     **TITLE IV—SECTION 8 RENTAL**  
2                     **ASSISTANCE**

3     **SEC. 401. MERGER OF THE CERTIFICATE AND VOUCHER**  
4                     **PROGRAMS.**

5             (a) MERGER OF CERTIFICATE AND VOUCHER PRO-  
6     GRAMS.—Section 8(o) of the United States Housing Act  
7     of 1937 (42 U.S.C. 1437f(o)) is amended to read as fol-  
8     lows:

9             “(o) CERTIFICATE PROGRAM.—

10            “(1) PAYMENT STANDARD.—

11            “(A) IN GENERAL.—The Secretary may  
12            provide assistance to public housing agencies  
13            for tenant-based assistance using a payment  
14            standard established in accordance with sub-  
15            paragraph (B). The payment standard shall be  
16            used to determine the monthly assistance which  
17            may be paid for any family, as provided in  
18            paragraph (2).

19            “(B) ESTABLISHMENT OF PAYMENT  
20            STANDARD.—

21            “(i) IN GENERAL.—Except as pro-  
22            vided in clauses (ii) and (iii), the payment  
23            standard shall equal the fair market rental  
24            established under subsection (c). A public  
25            housing agency shall adjust its payment

1 standard under this subsection whenever it  
2 is necessary to maintain its equality with  
3 the fair market rent, unless the Secretary  
4 determines pursuant to clause (ii) or (iii)  
5 that the payment standard should exceed  
6 or be less than the fair market rent.

7 “(ii) PAYMENT STANDARD EXCEEDING  
8 FAIR MARKET RENTAL.—The payment  
9 standard for a designated part of the mar-  
10 ket area may exceed the fair market rental  
11 by not more than 20 percent, if the Sec-  
12 retary determines that higher market rents  
13 in that part of the market area justify a  
14 higher payment standard.

15 “(iii) PAYMENT STANDARD LESS  
16 THAN FAIR MARKET RENTAL.—The pay-  
17 ment standard may be less than the fair  
18 market rental if, upon request by the pub-  
19 lic housing agency, the Secretary deter-  
20 mines that the market rents in that part of  
21 the market area justify a lower payment  
22 standard.

23 “(C) ADJUSTMENTS IN PAYMENT STAND-  
24 ARD.—

1           “(i) IN GENERAL.—A public housing  
 2           agency may adjust its payment standard  
 3           under this subsection if necessary to assure  
 4           continued affordability for families receiv-  
 5           ing tenant-based assistance.

6           “(ii) SET-ASIDE.—The Secretary may  
 7           set aside not more than 5 percent of the  
 8           budget authority available under this sub-  
 9           section as an adjustment pool. The Sec-  
 10          retary shall use amounts in the adjustment  
 11          pool for adjustments pursuant to clause (i)  
 12          to ensure continued affordability if the  
 13          Secretary determines additional assistance  
 14          for this purpose is necessary, based on doc-  
 15          umentation submitted by a public housing  
 16          agency.

17          “(D) APPROVAL.—The Secretary may re-  
 18          quire a public housing agency to submit pro-  
 19          posed payment standards to the Secretary for  
 20          approval.

21          “(2) AMOUNT OF MONTHLY ASSISTANCE PAY-  
 22          MENT.—

23                 “(A) FAMILIES RECEIVING TENANT-BASED  
 24                 ASSISTANCE; RENT LESS THAN PAYMENT  
 25                 STANDARD.—For a family receiving tenant-

1 based assistance, if the rent (including the  
2 amount allowed for tenant-paid utilities) does  
3 not exceed the payment standard, the monthly  
4 assistance payment shall be the amount by  
5 which the rent exceeds the greatest of the fol-  
6 lowing amounts, rounded to the nearest dollar:

7 “(i) Thirty percent of the family’s  
8 monthly adjusted income.

9 “(ii) Ten percent of the family’s  
10 monthly income.

11 “(iii) If the family is receiving pay-  
12 ments for welfare assistance from a public  
13 agency and a part of such payments, ad-  
14 justed in accordance with the family’s ac-  
15 tual housing costs, is specifically des-  
16 ignated by such agency to meet the fami-  
17 ly’s housing costs, the portion of such pay-  
18 ments which is so designated.

19 “(B) FAMILIES RECEIVING TENANT-BASED  
20 ASSISTANCE; RENT EXCEEDS PAYMENT STAND-  
21 ARD.—For a family receiving tenant-based as-  
22 sistance, if the rent (including the amount al-  
23 lowed for tenant-paid utilities) exceeds the pay-  
24 ment standard, the monthly assistance payment  
25 shall be the amount by which the applicable

1 payment standard exceeds the greatest of the  
2 following amounts, rounded to the nearest dol-  
3 lar:

4 “(i) Thirty percent of the family’s  
5 monthly adjusted income.

6 “(ii) Ten percent of the family’s  
7 monthly income.

8 “(iii) If the family is receiving pay-  
9 ments for welfare assistance from a public  
10 agency and a part of such payments, ad-  
11 justed in accordance with the family’s ac-  
12 tual housing costs, is specifically des-  
13 ignated by such agency to meet the fami-  
14 ly’s housing costs, the portion of such pay-  
15 ments which is so designated.

16 “(C) FAMILIES RECEIVING PROJECT-  
17 BASED ASSISTANCE.—For a family receiving  
18 project-based assistance, the rent the family is  
19 required to pay shall be determined in accord-  
20 ance with section 3(a)(1) and the amount of the  
21 housing assistance payment shall be determined  
22 in accordance with subsection (c)(3).

23 “(3) FORTY PERCENT LIMIT.—At the time a  
24 family initially receives tenant-based assistance with  
25 respect to any unit, the total amount a family may

1       pay toward rent may not exceed 40 percent of the  
2       family's monthly adjusted income.

3               “(4) ELIGIBLE FAMILIES.—At the time a fam-  
4       ily initially receives assistance under this subsection,  
5       a family shall qualify as—

6                       “(A) a very low-income family;

7                       “(B) a family previously assisted under  
8       this Act; or

9                       “(C) a low-income family that meets eligi-  
10      bility criteria specified by the Secretary.

11               “(5) ANNUAL REVIEW OF FAMILY INCOME.—A  
12      review of the family income of each family receiving  
13      assistance under this subsection shall be made not  
14      less than annually.

15               “(6) SELECTION OF FAMILIES.—

16                       “(A) PREFERENCE.—Except as provided  
17      in subparagraph (B), in selecting families to re-  
18      ceive assistance under this subsection, the pub-  
19      lic housing agency shall give preference to fami-  
20      lies that, at the time they are seeking such as-  
21      sistance—

22                               “(i) occupy substandard housing (in-  
23                               cluding families that are homeless or living  
24                               in an emergency or transitional shelter for  
25                               homeless families);

1 “(ii) are involuntarily displaced; or

2 “(iii) are paying more than 50 percent  
3 of family income for rent.

4 “(B) ASSISTANCE TO OTHER FAMILIES.—

5 A public housing agency may provide for cir-  
6 cumstances in which a family that does not  
7 qualify for any preference established in sub-  
8 paragraph (A) is provided assistance under this  
9 subsection before a family that does qualify for  
10 such preference. However, not more than 10  
11 percent in the case of tenant-based assistance  
12 and not more than 30 percent in the case of  
13 project-based assistance (or such higher per-  
14 centage, in either case, determined by the Sec-  
15 retary to be necessary or appropriate) of the  
16 families that initially receive assistance in any  
17 1-year period may be families that do not qual-  
18 ify for such preference. In implementing this  
19 subparagraph, the public housing agency shall  
20 establish a system of preferences in writing and  
21 after public hearing to respond to local housing  
22 needs and priorities, which may include—

23 “(i) assisting very low-income families  
24 that participate in a program designed to  
25 provide public assistance recipients with

1 greater access to employment and edu-  
2 cational opportunities;

3 “(ii) assisting families identified by  
4 local public agencies involved in providing  
5 for the welfare of children as having a lack  
6 of adequate housing that is a primary fac-  
7 tor in the imminent placement of a child in  
8 foster care, or in preventing the discharge  
9 of a child from foster care and reunifica-  
10 tion with his or her family;

11 “(iii) assisting youth, upon discharge  
12 from foster care, in cases in which return  
13 to the family or extended family or adop-  
14 tion is not available;

15 “(iv) assisting veterans that will use  
16 the assistance for a dwelling unit designed  
17 for the handicapped, and, upon discharge  
18 or eligibility for discharge from a hospital  
19 or nursing home, have a physical disability  
20 which, because of the configuration of their  
21 homes, prevents them from access to or  
22 use of their homes; and

23 “(v) other housing policy objectives,  
24 as approved by the Secretary.

1           “(C) EVICTION FOR DRUG-RELATED AC-  
2           TIVITY.—Any individual or family evicted from  
3           housing assisted under this Act by reason of  
4           drug-related criminal activity (as defined in  
5           subsection (f)(5)) shall not be eligible for a  
6           preference under any provision of this para-  
7           graph for 3 years unless the evicted tenant suc-  
8           cessfully completes a rehabilitation program ap-  
9           proved by the Secretary (which shall include  
10          waiver for any member of the family of an indi-  
11          vidual prohibited from tenancy under this sub-  
12          paragraph whom the agency determines clearly  
13          did not participate in and had no knowledge of  
14          such criminal activity, or when circumstances  
15          leading to eviction no longer exist).

16          “(7) INSPECTION OF UNITS BY PUBLIC HOUS-  
17          ING AGENCIES.—For each dwelling unit assisted  
18          under this subsection, the Secretary shall require the  
19          public housing agency to—

20                 “(A) inspect the unit before any assistance  
21                 payment may be made to determine that the  
22                 unit meets housing quality standards for de-  
23                 cent, safe, and sanitary housing established by  
24                 the Secretary for the purpose of this subsection;  
25                 and

1           “(B) make annual or more frequent in-  
2           spections during the contract term.

3           “(8) VACATED UNITS.—If a family vacates a  
4           dwelling unit, no assistance payment may be made  
5           for the unit after the month during which the unit  
6           was vacated.

7           “(9) RENT.—

8           “(A) REASONABLE MARKET RENT.—The  
9           rent for units assisted under this subsection  
10          shall be reasonable in comparison with rents  
11          charged for comparable units in the private, un-  
12          assisted market.

13          “(B) NEGOTIATED RENT.—A public hous-  
14          ing agency shall, at the request of a family re-  
15          ceiving tenant-based assistance under this sub-  
16          section, assist such family in negotiating a rea-  
17          sonable rent with an owner. A public housing  
18          agency shall review the rent for a unit under  
19          consideration by the family (and all rent in-  
20          creases for units under lease by the family) to  
21          determine whether the rent (or rent increase)  
22          requested by an owner is reasonable. If a public  
23          housing agency determines that the rent (or  
24          rent increase) for a unit is not reasonable, the  
25          agency shall disapprove a lease for such unit.

1           “(C) UNITS EXEMPT FROM LOCAL RENT  
2           CONTROL.—If a unit assisted under this sub-  
3           section is exempt from local rent control while  
4           it is so assisted, the rent for such unit shall be  
5           reasonable in comparison with other units in  
6           the market area that are exempt from local rent  
7           control.

8           “(D) PAYMENTS.—The public housing  
9           agency shall make timely payment of any  
10          amounts due to an owner under this paragraph.  
11          The contract between the owner and the public  
12          housing agency may provide for penalties for  
13          the late payment of amounts due under the  
14          contract which shall be imposed on the public  
15          housing agency in accordance with generally ac-  
16          cepted practices in the local housing market.

17          “(10) MANUFACTURED HOUSING.—

18               “(A) IN GENERAL.—A public housing  
19               agency may make assistance payments on be-  
20               half of a family that utilizes a manufactured  
21               home as its principal place of residence. Such  
22               payments may be made for the rental of the  
23               real property on which the manufactured home  
24               owned by any such family is located.

25               “(B) RENT CALCULATION.—

1           “(i) CHARGES INCLUDED.—For as-  
 2           sistance pursuant to this paragraph, the  
 3           rent for the space on which a manufac-  
 4           tured home is located and with respect to  
 5           which assistance payments are to be made  
 6           includes maintenance and management  
 7           charges and tenant-paid utilities.

8           “(ii) PAYMENT STANDARD.—The pub-  
 9           lic housing agency shall establish a pay-  
 10          ment standard for the purpose of deter-  
 11          mining the monthly assistance which may  
 12          be paid for any family under this para-  
 13          graph. The payment standard may not ex-  
 14          ceed an amount approved or established by  
 15          the Secretary.

16          “(iii) MONTHLY ASSISTANCE PAY-  
 17          MENT.—The monthly assistance payment  
 18          under this paragraph shall be determined  
 19          in accordance with paragraph (2).

20          “(11) CONTRACT FOR ASSISTANCE PAY-  
 21          MENTS.—

22               “(A) IN GENERAL.—If the Secretary en-  
 23               ters into an annual contributions contract with  
 24               a public housing agency pursuant to which the  
 25               agency will enter into a contract for assistance

1 payments with respect to an existing structure  
2 under this subsection, the contract for assist-  
3 ance payments may not be attached to the  
4 structure unless the owner agrees to rehabili-  
5 tate or newly construct the structure other than  
6 with assistance under this Act and otherwise  
7 complies with the requirements of this section.  
8 The public housing agency may approve such  
9 attachment for not more than 15 percent of the  
10 funding available for tenant-based assistance  
11 administered by the agency under this section.

12 “(B) EXTENSION OF CONTRACT TERM.—

13 In the case of a contract for assistance pay-  
14 ments that is attached to a structure under this  
15 paragraph, a public housing agency shall enter  
16 into a contract with an owner, contingent upon  
17 the future availability of appropriated funds for  
18 the purpose of renewing expiring contracts for  
19 assistance payments as provided in appropria-  
20 tions Acts, to extend the term of the underlying  
21 contract for assistance payments for such pe-  
22 riod or periods as the Secretary determines to  
23 be appropriate to achieve long-term afford-  
24 ability of the housing. The contract shall obli-  
25 gate the owner to have such extensions of the

1       underlying contract for assistance payments ac-  
2       cepted by the owner and the owner's successors  
3       in interest.

4       “(C) RENT CALCULATION.—For project-  
5       based assistance under this paragraph, assist-  
6       ance contracts shall establish rents and provide  
7       for rent adjustments in accordance with sub-  
8       section (c).

9       “(12) UNITS OTHER THAN PUBLIC HOUSING  
10      UNITS.—A family may lease a unit, other than a  
11      public housing unit, from the public housing agency  
12      with assistance under this subsection. The Secretary  
13      may establish appropriate program requirements for  
14      units owned by the public housing agency, including  
15      requirements—

16         “(A) for the Secretary's approval of initial  
17         rents, rent adjustments, and administrative  
18         fees, taking into account that the agency ad-  
19         ministering the assistance is also the owner of  
20         the assisted unit;

21         “(B) that the initial rent be reasonable in  
22         accordance with paragraph (9)(A) and not ex-  
23         ceed the fair market rent; and

24         “(C) that only tenant-based assistance may  
25         be used for such units.

1           “(13) INAPPLICABLE TO TENANT-BASED AS-  
2           SISTANCE.—Subsection (c) shall not apply to tenant-  
3           based assistance under this subsection.

4           “(14) HOMEOWNERSHIP OPTION.—A public  
5           housing agency providing assistance under this sec-  
6           tion may, at the option of the agency, provide assist-  
7           ance for homeownership under subsection (y).”.

8           (b) LEASING TO CERTIFICATE HOLDERS.—

9           (1) REPEAL.—Section 8(t) of the United States  
10          Housing Act of 1937 (42 U.S.C. 1437f(t)) is re-  
11          pealed.

12          (2) REPORT TO CONGRESS.—Not later than 3  
13          years after the date of enactment of this Act, the  
14          Comptroller General of the United States shall re-  
15          port to the Congress on the effect of the repeal  
16          made by paragraph (1). The report shall analyze—

17                (A) discriminatory practices based on  
18                source of income and any other detrimental  
19                practices occurring as a result of the repeal of  
20                section 8(t) of the United States Housing Act  
21                of 1937; and

22                (B) any increase in owner participation in  
23                the program authorized under section 8(o) of  
24                the United States Housing Act of 1937 occur-

1 ring as a result of the repeal of section 8(t) of  
2 such Act.

3 (c) PORTABILITY.—Section 8(r) of the United States  
4 Housing Act of 1937 (42 U.S.C. 1437f(r)) is amended—

5 (1) in paragraph (1), by striking “subsection  
6 (b) or”;

7 (2) in paragraph (3)—

8 (A) by striking “subsection (b) or”; and

9 (B) by adding at the end the following new  
10 sentence: “The Secretary may reserve amounts  
11 available for assistance under subsection (o) to  
12 compensate public housing agencies which issue  
13 certificates to families that move into the juris-  
14 diction of the agency under portability proce-  
15 dures.”; and

16 (3) by adding at the end the following new  
17 paragraph:

18 “(5) LEASE VIOLATIONS.—A family may not receive  
19 a certificate from an agency and move to another jurisdic-  
20 tion under the tenant-based assistance program if the  
21 family has moved out of its assisted unit in violation of  
22 its lease.”.

23 (d) HOMEOWNERSHIP OPTION.—Section 8(y) of the  
24 United States Housing Act of 1937 (42 U.S.C. 1437f(y))  
25 is amended—

1           (1) in paragraph (1)(A), by inserting before the  
2       semicolon “, or owns or is acquiring shares in a co-  
3       operative”;

4           (2) in paragraph (1)(B)(i), by inserting before  
5       the semicolon “and demonstrates to the public hous-  
6       ing agency that it has sufficient resources for home-  
7       ownership”; and

8           (3) in paragraph (2), by striking subparagraph  
9       (A) and inserting the following:

10           “(A) DETERMINATION OF AMOUNT OF AS-  
11       SISTANCE.—

12           “(i) MONTHLY EXPENSES DO NOT EX-  
13       CEED     PAYMENT     STANDARD.—If     the  
14       monthly homeownership expenses, as deter-  
15       mined in accordance with requirements es-  
16       tablished by the Secretary, do not exceed  
17       the payment standard, the monthly assist-  
18       ance payment shall be the amount by  
19       which the homeownership expenses exceed  
20       the highest of the following amounts,  
21       rounded to the nearest dollar:

22           “(I) Thirty percent of the fami-  
23       ly’s monthly adjusted income.

24           “(II) Ten percent of the family’s  
25       monthly income.

1           “(III) If the family is receiving  
2           payments for welfare assistance from  
3           a public agency and a part of such  
4           payments, adjusted in accordance with  
5           the family’s actual housing costs, is  
6           specifically designated by such agency  
7           to meet the family’s housing costs, the  
8           portion of such payments which is so  
9           designated.

10           “(ii) MONTHLY EXPENSES EXCEED  
11           PAYMENT STANDARD.—If the monthly  
12           homeownership expenses, as determined in  
13           accordance with requirements established  
14           by the Secretary, exceed the payment  
15           standard, the monthly assistance payment  
16           shall be the amount by which the applica-  
17           ble payment standard exceeds the highest  
18           of the following amounts, rounded to the  
19           nearest dollar:

20                   “(I) Thirty percent of the fami-  
21                   ly’s monthly adjusted income.

22                   “(II) Ten percent of the family’s  
23                   monthly income.

24           “(III) If the family is receiving  
25           payments for welfare assistance from

1 a public agency and a part of such  
2 payments, adjusted in accordance with  
3 the family's actual housing costs, is  
4 specifically designated by such agency  
5 to meet the family's housing costs, the  
6 portion of such payments which is so  
7 designated.''.

8 (e) TECHNICAL AND CONFORMING AMENDMENTS TO  
9 THE UNITED STATES HOUSING ACT OF 1937; DELETION  
10 OF OBSOLETE PROVISIONS.—The United States Housing  
11 Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

12 (1) in section 8—

13 (A) in subsection (a), by striking the sec-  
14 ond and third sentences;

15 (B) in subsection (b)—

16 (i) in the section heading, by striking  
17 “RENTAL”; and

18 (ii) in the first undesignated para-  
19 graph, by striking the second sentence;

20 (C) in subsection (c)—

21 (i) in paragraph (3)—

22 (I) by striking “(A)”; and

23 (II) by striking subparagraph

24 (B);

1 (ii) in the first sentence of paragraph  
2 (4), by striking “or by a family that quali-  
3 fies to receive” and all that follows through  
4 “1990”;

5 (iii) by striking paragraph (5) and re-  
6 designating paragraph (6) as paragraph  
7 (5);

8 (iv) by striking paragraph (7) and re-  
9 designating paragraphs (8) through (10)  
10 as paragraphs (6) through (8), respec-  
11 tively;

12 (v) in paragraph (6), as redesignated,  
13 by inserting “(other than a contract under  
14 section 8(o))” after “section”; and

15 (vi) in paragraph (7), as redesignated,  
16 by striking “(but not less than 90 days in  
17 the case of housing certificates or vouchers  
18 under subsection (b) or (o))” and inserting  
19 “, other than a contract under subsection  
20 (o)”;

21 (D) in subsection (d)(1)(A)—

22 (i) by inserting “except for assistance  
23 under subsection (o),” immediately after  
24 “(A)”; and

25 (ii) in clause (i)—

1 (I) by striking “(I)”;

2 (II) by striking “and (II) 90 per-  
3 cent of such families in the case of as-  
4 sistance not attached to a structure,”;  
5 and

6 (III) by striking “except” and all that  
7 follows before the semicolon;

8 (E) in subsection (d)(2), by striking the  
9 third sentence of subparagraph (A) and all that  
10 follows through the end of the paragraph;

11 (F) in subsection (f)—

12 (i) in paragraph (6), by striking  
13 “(d)(2)” and inserting “(o)(13)”;

14 (ii) in paragraph (7)—

15 (I) by striking “(b) or”; and

16 (II) by inserting before the pe-  
17 riod the following: “and that provides  
18 for the eligible family to select suit-  
19 able housing and to move to other  
20 suitable housing”;

21 (G) by striking subsection (j) and inserting  
22 the following:

23 “(j) [Repealed.]”;

24 (H) by striking subsection (n) and insert-  
25 ing the following:

1 “(n) [Repealed.]”; and

2 (I) in subsection (q)—

3 (i) in the first sentence of paragraph  
4 (1), by striking “and housing voucher pro-  
5 grams under subsections (b) and (o)” and  
6 inserting “program under this section”;

7 (ii) in paragraph (2)(A)(i), by striking  
8 “and housing voucher programs under sub-  
9 sections (b) and (o)” and inserting “pro-  
10 gram under this section”; and

11 (iii) in paragraph (2)(B), by striking  
12 “and housing voucher programs under sub-  
13 sections (b) and (o)” and inserting “pro-  
14 gram under this section”;

15 (2) in section 18(b)(3)—

16 (A) in subparagraph (A)(v), by striking  
17 “(excluding vouchers under section 8(o))” each  
18 place it appears;

19 (B) in subparagraph (B)—

20 (i) by striking “8(d)(2)(A)” and in-  
21 serting “8(o)(11)”; and

22 (ii) in clause (ii), by striking “(exclud-  
23 ing vouchers under section 8(o))”; and

24 (C) in subparagraph (C)(i), by striking  
25 “and vouchers”;

1 (3) in section 21(b)(3)—

2 (A) in the first sentence, by striking “cer-  
3 tificate under section 8(b)(1) or a housing  
4 voucher under section 8(o)” and inserting “ten-  
5 ant-based assistance under section 8”; and

6 (B) by striking the second sentence; and

7 (4) in section 23(b)(3)(A), by striking “Certifi-  
8 cate and voucher assistance under section 8(b) and  
9 (o)” and inserting “Tenant-based assistance under  
10 section 8”.

11 (f) OTHER TECHNICAL AND CONFORMING AMEND-  
12 MENTS.—

13 (1) DOCUMENTATION OF EXCESSIVE RENT  
14 BURDENS.—Section 550(b) of the Cranston-Gon-  
15 zalez National Affordable Housing Act (42 U.S.C.  
16 1437f note) is amended—

17 (A) in paragraph (1), by striking “assisted  
18 under the certificate and voucher programs es-  
19 tablished” and inserting “receiving tenant-  
20 based assistance”;

21 (B) in the first sentence of paragraph  
22 (2)—

23 (i) by striking “, for each of the cer-  
24 tificate program and the voucher program”

1 and inserting “for the tenant-based assist-  
2 ance under section 8”; and

3 (ii) by striking “participating in the  
4 program” and inserting “receiving tenant-  
5 based assistance”; and

6 (C) in paragraph (3), by striking “assist-  
7 ance under the certificate or voucher program”  
8 and inserting “tenant-based assistance under  
9 section 8 of the United States Housing Act of  
10 1937”.

11 (2) FEASIBILITY STUDY REGARDING INDIAN  
12 TRIBE ELIGIBILITY.—Section 561 of the Cranston-  
13 Gonzalez National Affordable Housing Act (42  
14 U.S.C. 1437f note) is amended—

15 (A) in the heading, by striking “FOR  
16 VOUCHER PROGRAM”; and

17 (B) in subsection (a), by striking “vouch-  
18 er”.

19 (3) GRANTS FOR COMMUNITY RESIDENCES AND  
20 SERVICES.—Section 861(b)(1)(D) of the Cranston-  
21 Gonzalez National Affordable Housing Act (42  
22 U.S.C. 12910(b)(1)(D)) is amended by striking  
23 “certificates or vouchers” and inserting “assist-  
24 ance”.

1           (4) SECTION 8 CERTIFICATES AND VOUCH-  
 2           ERS.—Section 931 of the Cranston-Gonzalez Na-  
 3           tional Affordable Housing Act (42 U.S.C. 1437c  
 4           note) is amended by striking “assistance under the  
 5           certificate and voucher programs under sections 8(b)  
 6           and (o)” and inserting “tenant-based assistance  
 7           under section 8”.

8           (5) TENANT PARTICIPATION IN MULTIFAMILY  
 9           HOUSING PROJECTS.—Section 183(c) of the Housing  
 10          and Community Development Act of 1987 (42  
 11          U.S.C. 1437f note) is amended—

12                   (A) in the heading, by striking “AND  
 13                   VOUCHER HOLDERS”; and

14                   (B) in paragraph (2), by striking “vouch-  
 15                   er” each place it appears and inserting “certifi-  
 16                   cate”.

17          (6) ASSISTANCE FOR DISPLACED TENANTS.—  
 18          Section 223(a) of the Housing and Community De-  
 19          velopment Act of 1987 (12 U.S.C. 4113(a)) is  
 20          amended by striking “assistance under the certifi-  
 21          cate and voucher programs under sections 8(b) and  
 22          8(o)” and inserting “tenant-based assistance under  
 23          section 8”.

24          (7) RURAL HOUSING PRESERVATION GRANTS.—  
 25          Section 533(a) of the Housing Act of 1949 (42

1 U.S.C. 1490m(a)) is amended in the second sentence  
2 by striking “assistance payments as provided by sec-  
3 tion 8(o)” and inserting “tenant-based assistance as  
4 provided under section 8”.

5 (8) REPEAL OF MOVING TO OPPORTUNITIES  
6 FOR FAIR HOUSING DEMONSTRATION.—Section 152  
7 of the Housing and Community Development Act of  
8 1992 (42 U.S.C. 1437f note) is hereby repealed.

9 (9) PREFERENCES FOR ELDERLY FAMILIES  
10 AND PERSONS.—Section 655 of the Housing and  
11 Community Development Act of 1992 (42 U.S.C.  
12 13615) is amended by striking “the first sentence of  
13 section 8(o)(3)(B)” and inserting “section  
14 8(o)(6)(A)”.

15 (10) ASSESSMENT CREDITS FOR DISTRESSED  
16 COMMUNITIES.—Section 233(a)(4)(F) of the Bank  
17 Enterprise Act of 1991 (12 U.S.C. 1834a(a)(4)(F))  
18 is amended by striking “title III of the United  
19 States Housing Act of 1937 or”.

20 (11) ASSISTANCE FOR TROUBLED MULTIFAMILY  
21 HOUSING PROJECTS.—Section 201(m)(2)(A) of the  
22 Housing and Community Development Amendments  
23 of 1978 (12 U.S.C. 1715z–1a(m)(2)(A)) is amended  
24 by striking “section 8(b)(1)” and inserting “section  
25 8”.

1           (12) MANAGEMENT AND DISPOSITION OF MUL-  
2           TIFAMILY HOUSING PROJECTS.—Section 203(g)(2)  
3           of the Housing and Community Development  
4           Amendments of 1978 (12 U.S.C. 1701z–11(g)(2)),  
5           as amended by section 101(b) of the Multifamily  
6           Housing Property Disposition Reform Act of 1994,  
7           is amended by striking “8(o)(3)(B)” and inserting  
8           “8(o)(6)(A)”.

9           (g) IMPLEMENTATION.—The Secretary shall imple-  
10          ment the amendments made by this section by regulation  
11          issued after notice and opportunity for public comment.

12          (h) EFFECTIVE DATE.—

13               (1) IN GENERAL.—The amendments made by  
14               this section shall take effect upon a date specified by  
15               the Secretary in the Federal Register.

16               (2) CONVERSION ASSISTANCE.— The Secretary  
17               may provide for the conversion of assistance under  
18               the certificate and voucher programs under sub-  
19               sections (b) and (o) of the United States Housing  
20               Act of 1937, as they existed before the effective date  
21               of the amendments made by this section, to the cer-  
22               tificate program established under this section. The  
23               Secretary may continue to apply the provisions of  
24               the United States Housing Act of 1937 and other  
25               statutes amended by this section, as they existed im-

1       mediately before the effective date of the amend-  
2       ments made by this section, to assistance obligated  
3       by the Secretary before such effective date for the  
4       certificate or voucher program under section 8 of the  
5       United States Housing Act of 1937, if necessary for  
6       simplification of program administration, avoidance  
7       of hardship, or other good cause.

8       **SEC. 402. CHOICE IN RESIDENCY.**

9       Section 8(o) of the United States Housing Act of  
10      1937 (42 U.S.C. 1437f(o)), as amended by section 401(a),  
11      is amended by adding at the end the following new para-  
12      graph:

13               “(14) GRANTS FOR CHOICE IN RESIDENCY  
14      COUNSELING.—

15               “(A) AUTHORIZATION.—The Secretary  
16              may make grants to public housing agencies  
17              and nonprofit organizations for the purpose of  
18              providing counseling to applicants for and re-  
19              cipients of tenant-based assistance. The coun-  
20              seling shall be designed to enable families to se-  
21              lect units through informed choice, including  
22              units in areas without high concentrations of  
23              persons living in poverty.

1           “(B) ELIGIBLE ACTIVITIES.—Activities as-  
2           sisted with grants made under this paragraph  
3           may include—

4                   “(i) advising families on strategies for  
5                   obtaining appropriate housing;

6                   “(ii) providing transportation assist-  
7                   ance and other services to give families ac-  
8                   cess to areas without high concentrations  
9                   of persons living in poverty;

10                  “(iii) continuing advice and counseling  
11                  to assist families after moving to areas  
12                  without high concentrations of persons liv-  
13                  ing in poverty; and

14                  “(iv) undertaking outreach to poten-  
15                  tial owners to expand the availability of  
16                  housing in areas without high concentra-  
17                  tions of persons living in poverty.

18           “(C) SELECTION OF RECIPIENTS.—The  
19           Secretary may select, on a competitive basis,  
20           public housing agencies and nonprofit organiza-  
21           tions for grants under this paragraph. In mak-  
22           ing funding decisions, the Secretary may take  
23           into account evidence of commitments of non-  
24           Federal assistance to be used in support of the  
25           proposed counseling program.

1           “(D) SET-ASIDE FOR CIVIL RIGHTS LITIGA-  
2           TION.—Of amounts appropriated pursuant to  
3           subparagraph (E), the Secretary may set aside  
4           not more than 5 percent for fair housing activi-  
5           ties in connection with the settlement of civil  
6           rights litigation (excluding litigation brought by  
7           an employee or former employee of the Sec-  
8           retary) including—

9                   “(i) mobility counseling and related  
10                  services, including the recruitment of land-  
11                  lords and assistance in obtaining a place  
12                  on any waiting lists for housing in the  
13                  same market area;

14                  “(ii) establishing clearinghouses for  
15                  information about housing opportunities;

16                  “(iii) assistance for elderly persons  
17                  and persons with disabilities; and

18                  “(iv) targeted testing efforts.

19           “(E) AUTHORIZATION.—There are author-  
20           ized to be appropriated \$75,000,000 for fiscal  
21           year 1995 and \$75,000,000 for fiscal year 1996  
22           for grants under this paragraph.”.

1 **SEC. 403. FAMILY UNIFICATION ASSISTANCE.**

2 Section 8(x)(1) of the United States Housing Act of  
3 1937 (12 U.S.C. 1437f(x)(1)) is amended to read as fol-  
4 lows:

5 “(1) INCREASE IN BUDGET AUTHORITY.—The  
6 budget authority available under section 5(c) for as-  
7 sistance under section 8(b) is authorized to be in-  
8 creased by \$75,000,000 on or after October 1, 1995,  
9 and by \$75,000,000 on or after October 1, 1996.”.

10 **SEC. 404. FAIR MARKET RENTS.**

11 Section 8(c)(1) of the United States Housing Act of  
12 1937 (42 U.S.C. 1437f(c)(1)) is amended by adding after  
13 the period at the end the following: “The Secretary shall  
14 set fair market rentals at the 45 percentile of the standard  
15 quality rental housing within each market area. In setting  
16 the fair market rents, the Secretary shall only consider  
17 rents on units occupied by recent movers and shall not  
18 consider rents on government subsidized units and rents  
19 on newly constructed units.”.

20 **TITLE V—HOME INVESTMENT**  
21 **PARTNERSHIPS**

22 **SEC. 501. HOME PROGRAM LOAN GUARANTEES.**

23 Subtitle A of title II of the Cranston-Gonzalez Na-  
24 tional Affordable Housing Act (42 U.S.C. 12741 et seq.)  
25 is amended by adding at the end the following new section:

1 **“SEC. 227. LOAN GUARANTEES.**

2 “(a) AUTHORIZATION.—

3 “(1) IN GENERAL.—The Secretary shall, upon  
4 such terms and conditions as the Secretary may pre-  
5 scribe, guarantee and make commitments to guaran-  
6 tee the notes or other obligations issued by eligible  
7 participating jurisdictions, or by public agencies des-  
8 ignated by and acting on behalf of eligible partici-  
9 pating jurisdictions, in accordance with this sub-  
10 section.

11 “(2) PURPOSES.—Guarantees and commit-  
12 ments to guarantee obligations made under this sub-  
13 section shall be made for purposes of financing ac-  
14 tivities eligible under subtitle A of title II of the  
15 Cranston-Gonzalez National Affordable Housing  
16 Act, excluding administrative costs, as defined in  
17 section 207 of the Housing and Community Devel-  
18 opment Act of 1992.

19 “(b) REQUIREMENTS FOR NOTES AND OTHER OBLI-  
20 GATIONS GUARANTEED.—

21 “(1) IN GENERAL.—Notes or other obligations  
22 guaranteed under this section shall be in such form  
23 and denominations, have such maturities, and be  
24 subject to such conditions as may be prescribed by  
25 regulations issued by the Secretary. The Secretary  
26 may not deny a guarantee under this section on the

1 basis of the proposed repayment period for the note  
2 or other obligation, unless the period is more than  
3 20 years or the Secretary determines that the period  
4 otherwise causes the guarantee to constitute an un-  
5 acceptable financial risk. To the extent provided in  
6 appropriation Acts, the Secretary may enter into  
7 commitments to guarantee notes or other obligations  
8 under this section with an aggregate principal  
9 amount of \$1,000,000,000 for fiscal year 1995 and  
10 \$1,000,000,000 for fiscal year 1996.

11 “(2) ALLOCATION.—

12 “(A) ALLOCATION FOR INDIAN TRIBES  
13 AND INSULAR AREAS.—Of the amount approved  
14 in any appropriation Act for guarantees under  
15 this section in each fiscal year, the Secretary  
16 shall reserve—

17 “(i) 1 percent for guarantees to In-  
18 dian tribes; and

19 “(ii) 0.2 percent for guarantees to In-  
20 sular Areas.

21 “(B) REMAINING AMOUNTS.—Of the  
22 amount remaining after the allocations under  
23 subparagraph (A) in each fiscal year—

1                   “(i) 60 percent shall be used for guar-  
2                   antees to units of general local govern-  
3                   ment; and

4                   “(ii) 40 percent shall be used for  
5                   guarantees to States.

6                   “(C) WAIVER.—The Secretary may waive  
7                   the requirements of subparagraphs (A) and (B)  
8                   in any fiscal year only to the extent to which  
9                   there is an absence of qualified applicants or  
10                  proposed activities from Indian tribes, Insular  
11                  Areas, units of general local government, or  
12                  States.

13               “(c) TOTAL OUTSTANDING AMOUNT.—No guarantee  
14               or commitment to guarantee shall be made with respect  
15               to any note or other obligation if the total outstanding  
16               notes or obligations guaranteed under this section on be-  
17               half of a participating jurisdiction (excluding any amount  
18               defeased under a contract entered into under subsection  
19               (e)(1)) would thereby exceed an amount equal to 5 times  
20               the amount of the participating jurisdiction’s latest  
21               HOME allocation.

22               “(d) USE OF FUNDS.—Notwithstanding any other  
23               provision of this title, funds allocated to the participating  
24               jurisdiction under this title (including program income de-  
25               rived therefrom) may be used by the participating jurisdic-

1 tion or by the Secretary, in the payment of principal and  
2 interest due on the notes or other obligations guaranteed  
3 pursuant to this section and the payment of such servic-  
4 ing, underwriting, or other issuance or collection charges  
5 as may be specified in regulations issued by the Secretary.

6 “(e) REPAYMENT GUARANTEE.—To assure the full  
7 repayment of notes or other obligations guaranteed here-  
8 under as well as the issuance or collection charges speci-  
9 fied by the Secretary under subsection (d), and as a prior  
10 condition for receiving such guarantees, the Secretary  
11 shall require the participating jurisdiction (and its des-  
12 ignated public agency issuer, if any) to—

13 “(1) enter into a contract, in a form acceptable  
14 to the Secretary, for repayment of such notes or  
15 other obligations and the other specified charges;

16 “(2) pledge as security for such repayment any  
17 allocation for which the participating jurisdiction  
18 may become eligible under this title; and

19 “(3) furnish, at the discretion of the Secretary,  
20 such other security as may be deemed appropriate  
21 by the Secretary in making such guarantees, which  
22 may include increments in local tax receipts gen-  
23 erated by the housing assisted under this section or  
24 disposition proceeds from the sale of land or hous-  
25 ing.

1       “(f) APPLICATION OF ALLOCATION TO REPAY-  
2 MENTS.—Notwithstanding any other provision of this title  
3 or any other Federal, State, or local law, the Secretary  
4 may apply allocations pledged pursuant to subsection (e)  
5 to any repayments due the United States as a result of  
6 such guarantees.

7       “(g) FULL FAITH AND CREDIT.—The full faith and  
8 credit of the United States is pledged to the payment of  
9 all guarantees made under this section. Any such guaran-  
10 tee made by the Secretary shall be conclusive evidence of  
11 the eligibility of the notes or other obligations for such  
12 guarantee with respect to principal and interest, and the  
13 validity of any such guarantee so made shall be incontest-  
14 able in the hands of a holder of the guaranteed obligations.

15       “(h) TAXES.—

16               “(1) IN GENERAL.—Obligations guaranteed  
17 under this section shall be subject to Federal tax-  
18 ation as provided in paragraph (2).

19               “(2) INTEREST PAYMENTS.—With respect to  
20 any obligation guaranteed under to this section, the  
21 interest paid on such obligation shall be included in  
22 gross income for the purpose of chapter 1 of the In-  
23 ternal Revenue Code of 1954.

24       “(i) MONITORING BY THE SECRETARY.—The Sec-  
25 retary shall monitor the use of guarantees under this sec-

1 tion by eligible participating jurisdictions. If the Secretary  
2 finds that 50 percent of the aggregate guarantee authority  
3 for that year has been committed, the Secretary may—

4 “(1) impose limitations on the amount of guar-  
5 antees any participating jurisdiction may receive in  
6 any fiscal year of \$35,000,000; or

7 “(2) request the enactment of legislation in-  
8 creasing the aggregate limitation on guarantees  
9 under this section.

10 “(j) PROHIBITION ON FEES AND CHARGES.—Except  
11 as provided in subsection (d), no fee or other charge may  
12 be imposed by the Secretary or any other Federal agency  
13 on or with respect to a guarantee made by the Secretary  
14 under this section.

15 “(k) GUARANTEE OF TIMELY PAYMENT.—

16 “(1) IN GENERAL.—The Secretary may, upon  
17 such terms and conditions as the Secretary deems  
18 appropriate, guarantee the timely payment of the  
19 principal of and interest on such trust certificates or  
20 other obligations as shall—

21 “(A) be offered by the Secretary or by any  
22 other offeror approved for purposes of this sub-  
23 section by the Secretary, and

24 “(B) be based on and backed by a trust or  
25 pool composed of notes or other obligations

1           guaranteed or eligible for guarantee by the Sec-  
2           retary under this section.

3           “(2) FULL FAITH AND CREDIT.—To the same  
4           extent as provided in subsection (g), the full faith  
5           and credit of the United States is pledged to the  
6           payment of all amounts which may be required to be  
7           paid under any guarantee by the Secretary under  
8           this subsection.

9           “(3) SUBROGATION.—If the Secretary pays a  
10          claim under a guarantee issued under this section,  
11          the Secretary shall be subrogated fully to the rights  
12          satisfied by such payment.

13          “(4) PREEMPTION.—No provision of Federal,  
14          State, or local law shall preclude or limit the exercise  
15          by the Secretary of—

16               “(A) the power to contract with respect to  
17               public offerings and other sales of notes, trust  
18               certificates and other obligations guaranteed  
19               under this section upon such terms and condi-  
20               tions as the Secretary deems appropriate;

21               “(B) the right to enforce by any means  
22               deemed appropriate by the Secretary any such  
23               contract; or

24               “(C) the Secretary’s ownership rights, as  
25               applicable, in notes, certificates or other obliga-

1           tions guaranteed under this section, or con-  
 2           stituting the trust or pool against which trust  
 3           certificates or other obligations guaranteed  
 4           under this section are offered.

5           “(l) AUTHORIZATION OF APPROPRIATIONS.—There  
 6 are authorized to be appropriated such sums as may be  
 7 necessary for each of fiscal years 1995 and 1996 for the  
 8 cost to the Government, as defined in section 502 of the  
 9 Congressional Budget Act, of guaranteed loans under this  
 10 section.”.

11 **SEC. 502. HOME AUTHORIZATION OF APPROPRIATIONS.**

12           Section 205 of the Cranston-Gonzalez National Af-  
 13 fordable Housing Act (42 U.S.C. 12724) is amended to  
 14 read as follows:

15 **“SEC. 205. AUTHORIZATION.**

16           “There are authorized to be appropriated to carry out  
 17 this title \$2,000,000,000 for fiscal year 1995, and  
 18 \$2,300,000,000 for fiscal year 1996, of which—

19           “(1) not more than \$20,000,000 for fiscal year  
 20           1995, and \$14,000,000 for fiscal year 1996, shall be  
 21           for community housing partnership activities author-  
 22           ized under section 233; and

23           “(2) not more than \$17,000,000 for fiscal year  
 24           1995, and \$11,000,000 for fiscal year 1996, shall be

1 for activities in support of State and local housing  
2 strategies authorized under subtitle C.”.

3 **SEC. 503. MONITORING OF COMPLIANCE.**

4 Section 226(b) of the Cranston-Gonzalez National  
5 Affordable Housing Act (42 U.S.C. 12756(b)) is amended  
6 to read as follows:

7 “(b) PERIODIC MONITORING.—Each participating ju-  
8 risdiction shall review the activities of owners of affordable  
9 housing assisted under this title to assess compliance with  
10 the requirements of this title. Such review shall include  
11 annual review of program participant compliance with all  
12 applicable program requirements to adequately monitor  
13 HOME funded activities. Such review shall also include  
14 onsite inspection once every 2 years to verify compliance  
15 with housing codes and other applicable regulations. The  
16 results of each review shall be included in the jurisdiction’s  
17 performance report submitted to the Secretary under sec-  
18 tion 108(a) and made available to the public.”.

19 **SEC. 504. STABILIZATION OF HOME FUNDING THRESH-**  
20 **OLDS.**

21 The Cranston-Gonzalez National Affordable Housing  
22 Act (42 U.S.C. 1274 et seq.) is amended as follows:

23 (1) REPEAL.—Sections 216(10) and 217b(4)  
24 are hereby repealed.

1           (2) MINIMUM LOCAL ALLOCATION.—Section  
2       217(b)(3) is amended—

3           (A) in the first sentence, by striking “only  
4       those jurisdictions” and all that follows up to  
5       the period and inserting the following: “jurisdic-  
6       tions that are not participating jurisdictions  
7       that are allocated an amount of \$500,000 or  
8       greater and jurisdictions that are participating  
9       jurisdictions shall receive an allocation”; and

10          (B) in the last sentence, by striking “, ex-  
11       cept as provided in paragraph (4)”.

12          (3) PARTICIPATION BY STATES AND LOCAL  
13       GOVERNMENTS.—Section 216 is amended—

14          (A) in paragraph (3), by striking “Except  
15       as provided in paragraph (10), a jurisdiction”  
16       and inserting “A jurisdiction”; and

17          (B) in paragraph (9)(B), by striking “, ex-  
18       cept as provided in paragraph (10)”.

19       **SEC. 505. HOME INVESTMENTS.**

20       Section 212(b) of the Cranston-Gonzalez National  
21       Affordable Housing Act (42 U.S.C. 12743(b)) is amended  
22       to read as follows:

23       “(b) INVESTMENTS.—Participating jurisdictions  
24       shall have discretion to invest funds made available under  
25       this subtitle as equity investments, interest-bearing loans

1 or advances, noninterest-bearing loans or advances, loan  
 2 guarantees, interest subsidies or other forms of assistance  
 3 or credit enhancement that the Secretary has determined  
 4 to be consistent with the purposes of this title. Each par-  
 5 ticipating jurisdiction shall have the right to establish the  
 6 terms of assistance.’’.

7 **SEC. 506. RETURN OF MATCHING INVESTMENT.**

8 Section 219(a) of the Cranston-Gonzalez National  
 9 Affordable Housing Act (42 U.S.C. 12749(a)) is amend-  
 10 ed—

11 (1) by striking “except that, if the” and insert-  
 12 ing the following: “except that—

13 “(1) if the”;

14 (2) by striking the period at the end and insert-  
 15 ing “; and”; and

16 (3) by adding at the end the following new  
 17 paragraph:

18 “(2) if the repayment of funds drawn from a  
 19 jurisdiction’s Home Investment Trust Fund and any  
 20 payment of interest or other return on the invest-  
 21 ment of such funds result from a State’s matching  
 22 investment, and the State program providing the  
 23 match provides housing opportunities substantially  
 24 equivalent to the HOME program, the matching in-  
 25 vestment shall be returned to the State for reinvest-

1       ment through the State’s substantially equivalent  
2       housing program.”.

3   **SEC. 507. ADJUSTMENT OF QUALIFYING RENT.**

4       Section 215(a)(2) of the Cranston-Gonzalez National  
5   Affordable Housing Act (42 U.S.C. 12745(a)(2)) is  
6   amended to read as follows:

7           “(2) ADJUSTMENT OF QUALIFYING RENT.—

8           “(A) IN GENERAL.—The Secretary may  
9       adjust the qualifying rent established for a  
10      project under paragraph (1)(A), only if the Sec-  
11      retary finds that such adjustment is necessary  
12      to support the continued financial viability of  
13      the project and only by such amount as the  
14      Secretary determines is necessary to maintain  
15      continued financial viability of the project.

16          “(B) CONFORMITY WITH SECTION 8  
17      RENTS.—Notwithstanding subparagraph (A),  
18      the Secretary shall adjust the qualifying rent  
19      established for a project under paragraph  
20      (1)(A) to allow rents to be set at levels per-  
21      mitted under the section 8 program or com-  
22      parable State-funded rental assistance pro-  
23      grams for tenants with section 8 certificates or  
24      comparable State rental assistance certifi-  
25      cates.”.

1 **SEC. 508. INCREASES IN TENANT INCOME.**

2 Section 215(a)(3) of the Cranston-Gonzalez National  
3 Affordable Housing Act (42 U.S.C. 12745(a)(3)) is  
4 amended to read as follows:

5 “(3) INCREASES IN TENANT INCOME.—Housing  
6 shall qualify as affordable housing despite a tem-  
7 porary noncompliance with subparagraph (B) or (C)  
8 of paragraph (1) only if—

9 “(A)(i) such noncompliance is caused by  
10 increases in the incomes of existing tenants;  
11 and

12 “(ii) actions satisfactory to the Secretary  
13 are being taken to ensure that all vacancies are  
14 filled in accordance with paragraph (1) until  
15 such noncompliance is corrected; or

16 “(B)(i) notwithstanding subparagraph (A),  
17 such noncompliance is caused by increases in  
18 the incomes of existing very low-income tenants;  
19 and

20 “(ii) actions satisfactory to the Secretary  
21 are being taken to ensure that all vacancies are  
22 filled in accordance with paragraph (1).

23 A tenant described in subparagraph (B) shall be  
24 considered to be a very low-income for the purposes  
25 of this title until the tenant’s income exceeds 70 per-  
26 cent of median income for the area. A tenant de-

1 scribed in this paragraph that no longer qualifies as  
 2 a low-income or very low-income family shall pay as  
 3 rent the lesser of the amount payable by the tenant  
 4 under State or local law, or 30 percent of the fami-  
 5 ly's adjusted monthly income, as recertified annu-  
 6 ally. The preceding sentence shall not apply with re-  
 7 spect to funds made available under this Act for  
 8 units that have been allocated a low-income housing  
 9 tax credit by a housing credit agency pursuant to  
 10 section 42 of the Internal Revenue Code of 1986.'".

11 **TITLE VI—MULTIFAMILY AND**  
 12 **SUPPORTIVE HOUSING**  
 13 **Subtitle A—Preservation**

14 **SEC. 601. COST-SAVING AMENDMENTS.**

15 (a) CEILING RENTS.—Section 222(a)(2)(D) of the  
 16 Low-Income Housing Preservation and Resident Home-  
 17 ownership Act of 1990 (12 U.S.C. 4112(a)(2)(D)) is  
 18 amended to read as follows:

19 “(D) monthly rent contributions by current  
 20 and future tenants, including tenants receiving  
 21 assistance under section 8 of the United States  
 22 Housing Act of 1937, shall not exceed the less-  
 23 er of—

24 “(i) 30 percent of the adjusted income  
 25 of the tenant; or

1           “(ii) 90 percent of the actual rent  
2           paid for a comparable unit in comparable  
3           unassisted housing in the market area in  
4           which the eligible low-income housing is lo-  
5           cated;

6           except that the rent contributions of tenants  
7           (other than tenants receiving assistance under  
8           section 8 of the United States Housing Act of  
9           1937) occupying the housing at the time of any  
10          increase may not be reduced under this sub-  
11          paragraph.”.

12          (b) FLOOR RENTS FOR LOW-INCOME TENANTS.—  
13          Section 222(a)(2)(E) of the Low-Income Housing Preser-  
14          vation and Resident Homeownership Act of 1990 (12  
15          U.S.C. 4112(a)(2)(E)) is amended—

16               (1) in clause (i), by striking “and” at the end;  
17          and

18               (2) by adding at the end the following clause:

19                       “(iii)(I) to retain the tenant occu-  
20                       pancy profile required by subparagraph  
21                       (F)(i), tenants that are determined by the  
22                       Secretary to be low-income tenants at ini-  
23                       tial income certification upon occupancy,  
24                       or at the time of implementation of a plan  
25                       of action (whichever occurs last), shall pay

1 for rent an amount that is not less than  
2 the lesser of—

3 “(aa) 30 percent of 45 percent of  
4 median income for the area (as deter-  
5 mined by the Secretary and adjusted  
6 for family size); or

7 “(bb) 90 percent of the actual  
8 rent paid for a comparable unit in  
9 comparable unassisted housing in the  
10 market area in which the eligible low-  
11 income housing is located.

12 Subject to subclause (II), payment of this  
13 minimum rent shall be a condition of con-  
14 tinued occupancy and eligibility for section  
15 8 assistance.

16 “(II) Notwithstanding the rents re-  
17 quired under subclause (I), a tenant who  
18 occupies a unit designated for occupancy  
19 by low-income persons and families, and  
20 who becomes a very low-income tenant,  
21 shall be provided with the next available  
22 unit designated for occupancy by very low-  
23 income persons and families, and, until  
24 such unit becomes available, shall pay for  
25 rent not more than the amount chargeable

1 as rent under section 3(a) of the United  
2 States Housing Act of 1937. Such tenant  
3 shall not be evicted for nonpayment of rent  
4 if the rent amounts set forth in this  
5 subclause are paid. The costs resulting  
6 from the difference between rents required  
7 under subclause (I) and the rents per-  
8 mitted under this subclause shall be incor-  
9 porated into the section 8 contract for  
10 units designated for occupancy by low-in-  
11 come persons or families; and”.

12 (c) SECTION 8 ASSISTANCE.—Section  
13 222(a)(1)(E)(ii) of the Low-Income Housing Preservation  
14 and Resident Homeownership Act of 1990 (12 U.S.C.  
15 4112(a)(1)(E)) is amended—

16 (1) by striking “; and” at the end and inserting  
17 a period; and

18 (2) by adding at the end the following: “For  
19 any section 8 assistance provided under this subtitle,  
20 whether through the extension of an existing con-  
21 tract or the provision of a new contract for assist-  
22 ance, the Secretary shall have the discretion to ad-  
23 just contract rents within the limits established  
24 under section 215, irrespective of the comparable  
25 rent requirements set forth in section 8(c) of the

1 United States Housing Act of 1937. Notwithstand-  
2 ing any provision of law to the contrary, any conflict  
3 pertaining to the computation of contract rents aris-  
4 ing from differences between this subtitle and sec-  
5 tion 8 of the United States Housing Act of 1937  
6 shall, subject to the prior approval of the Secretary,  
7 be resolved in favor of this subtitle; and”.

8 (d) APPLICABILITY OF FEDERAL PREFERENCES.—  
9 Section 222(a)(1)(F) of the Low-Income Housing Preser-  
10 vation and Resident Homeownership Act of 1990 (12  
11 U.S.C. 4112(a)(1)(F)) is amended—

12 (1) in clause (i)—

13 (A) by striking “rents for units becoming  
14 available to new tenants shall be at levels ap-  
15 proved by the Secretary that will ensure, to the  
16 extent practicable, that the units will be” and  
17 inserting “to the extent practicable, the units  
18 becoming available to new tenants shall be”;  
19 and

20 (B) by striking “and” at the end;

21 (2) by redesignating clause (ii) as clause (iii);

22 and

23 (3) by inserting after clause (i) the following  
24 new clause:

1           “(ii) in order to maintain the proportions  
2           of very low- and low-income families and per-  
3           sons required by clause (i), owners shall be re-  
4           quired to apply any required Federal preference  
5           rules only with respect to tenants within each  
6           low- or very low-income category, in accordance  
7           with the approved tenant profile; and”.

8           (e) DEFINITIONS.—Section 229(4) of the Low-In-  
9           come Housing Preservation and Resident Homeownership  
10          Act of 1990 (12 U.S.C. 4119(4)) is amended to read as  
11          follows:

12           “(4)(A) The term ‘low-income tenants’ means  
13           families or persons with incomes that exceed 50 per-  
14           cent of the median income for the area (as deter-  
15           mined by the Secretary with adjustments for family  
16           size) but do not exceed 80 percent of the median in-  
17           come for the area (as determined by the Secretary  
18           with adjustments for family size).

19           “(B) The term ‘very low-income tenants’ means  
20           families or persons with incomes that are less than  
21           or equal to 50 percent of the median income for the  
22           area (as determined by the Secretary with adjust-  
23           ments for family size).”.

24           (f) TRANSITION PROVISIONS.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graph (2), this section shall take effect on the date  
3           of enactment of this Act.

4           (2) EXCEPTION.—If an owner of eligible low-in-  
5           come housing has a plan of action that has been ap-  
6           proved by the Secretary and that is being imple-  
7           mented as of the date of enactment of this Act, sub-  
8           sections (a), (b), (c), and (d) shall not apply to cur-  
9           rent tenants of such housing until the first date on  
10          which the next annual rent adjustments are made  
11          following the date of enactment of this Act.

12   **SEC. 602. LOW-INCOME HOUSING PRESERVATION AUTHOR-**  
13                           **IZATION OF APPROPRIATIONS.**

14          Section 234(a) of the Housing and Community De-  
15          velopment Act of 1987 (12 U.S.C. 4124) is amended to  
16          read as follows:

17          “(a) IN GENERAL.—There are authorized to be ap-  
18          propriated for assistance and incentives authorized under  
19          this subtitle \$300,000,000 for fiscal year 1995 and  
20          \$300,000,000 for fiscal year 1996.”.

1     **Subtitle B—Renewal of Expiring**  
2             **Section 8 Contracts**

3     **SEC. 611. AUTHORITY TO ENTER INTO NEW CONTRACTS.**

4         Section 8 of the United States Housing Act of 1937  
5     (42 U.S.C. 1437f) is amended by adding at the end the  
6     following new subsection:

7         “(z) RENEWAL OF SECTION 8 NEW CONSTRUCTION  
8     AND SUBSTANTIAL REHABILITATION EXPIRING CON-  
9     TRACTS.—

10             “(1) IN GENERAL.—Subject to appropriations,  
11     the Secretary shall enter into new contracts to make  
12     assistance payments to owners of qualified housing  
13     pursuant to the provisions of subtitle B of title VI  
14     of the Housing Choice and Community Investment  
15     Act of 1994.

16             “(2) PROCEDURES.—The Secretary shall estab-  
17     lish procedures to enter into new contracts pursuant  
18     to paragraph (1) that—

19                 “(A) ensure that the number of low- and  
20     very low-income families receiving tenant- or  
21     project-based assistance under this section at  
22     least equals the number of affordable units  
23     under expiring section 8 contracts; and

24                 “(B) make assistance under this section  
25     available to current tenants residing in units

1 covered by an expiring contract which is not re-  
 2 placed, which assistance shall, to the maximum  
 3 extent practicable, be project-based assistance.

4 “(3) CALCULATION OF LIMIT.—Project-based  
 5 assistance contracts entered into under this sub-  
 6 section shall be excluded in computing the limit on  
 7 project-based assistance under subsection (d).”.

8 **SEC. 612. CRITERIA FOR ENTERING INTO NEW CONTRACTS.**

9 (a) IN GENERAL.—Except as provided in subsection  
 10 (b), the Secretary shall enter into a new contract with an  
 11 owner of qualified housing assisted under an expiring con-  
 12 tract if the owner submits a proposal to enter into a new  
 13 contract for assistance under section 8 of the United  
 14 States Housing Act of 1937 pursuant to the terms, condi-  
 15 tions, and procedures set forth in this subtitle.

16 (b) EXCEPTIONS.—The Secretary may reject an own-  
 17 er’s proposal to enter into a new contract for assistance  
 18 under section 8 of the United States Housing Act of 1937  
 19 if—

20 (1) the owner has engaged in adverse financial  
 21 or managerial actions or omissions, including—

22 (A) knowingly violating any Federal, State,  
 23 or local law or regulation;

24 (B) knowingly and materially breaching a  
 25 section 8 assistance contract;

1 (C) knowingly and materially violating any  
2 applicable regulatory or other agreement with  
3 the Secretary;

4 (D) repeatedly failing to make mortgage  
5 payments;

6 (E) failing to maintain the property after  
7 receipt of notice and an opportunity to cure; or

8 (F) committing any actions or omissions  
9 which would warrant suspension or debarment  
10 by the Secretary;

11 (2) the owner fails to follow the procedures set  
12 forth in this subtitle;

13 (3) the rents proposed by the owner, after nego-  
14 tiation with the Secretary, exceed the maximum  
15 amount permitted under section 616; or

16 (4) the poor condition of the property cannot be  
17 remedied in a cost-effective manner.

18 (c) OPPORTUNITY TO DISPUTE FINDING.—The Sec-  
19 retary shall provide an owner whose proposal to enter into  
20 a new contract has been rejected by the Secretary pursu-  
21 ant to one of the exceptions set forth in subsection (b)  
22 with an opportunity to dispute the basis for such rejection  
23 within 30 days of receipt of notice by the owner of the  
24 rejection. The Secretary may affirm, modify, or reverse  
25 the decision to reject the owner's proposal. The Sec-

1 retary's determination shall be final and shall not be sub-  
2 ject to judicial review.

3 **SEC. 613. RENEWAL PROCESS.**

4 (a) SECRETARY'S NOTICE TO OWNER.—Not less than  
5 27 months prior to the expiration of an assistance contract  
6 under section 8 the United States Housing Act of 1937,  
7 the Secretary shall notify the owner of the expiration date  
8 of the contract, the terms and conditions prerequisite to  
9 the Secretary's decision to enter into a new assistance con-  
10 tract, and the notice requirements and timetables required  
11 under this subtitle.

12 (b) OWNER'S INITIAL ELECTION.—Not later than 24  
13 months prior to the expiration date, the owner shall make  
14 an initial election to enter into a new contract or terminate  
15 the contract upon the expiration date.

16 (c) FORMAL SUBMISSION OF DETAILED PROPOSAL  
17 TO ENTER INTO NEW HOUSING ASSISTANCE CON-  
18 TRACT.—Not later than 3 months after the date on which  
19 an owner elects to enter into a new contract pursuant to  
20 subsection (b), the owner shall submit to the Secretary  
21 a detailed proposal that meets the requirements of this  
22 subtitle.

23 (d) RESPONSE BY THE SECRETARY TO OWNER'S  
24 PROPOSAL.—

1           (1) RESPONSE DEADLINE.—Not later than 120  
2       days after receipt of an owner’s submission pursuant  
3       to subsection (c), the Secretary shall accept, reject,  
4       or require a modification of the proposal. If the Sec-  
5       retary fails to respond prior to the expiration of the  
6       120-day period, the proposal shall be deemed to be  
7       accepted.

8           (2) EVALUATION AND NEGOTIATION.—The Sec-  
9       retary shall establish procedures to evaluate an own-  
10      er’s detailed proposal and to negotiate the proposal  
11      with the owner.

12          (3) BASIS FOR REJECTION.—The Secretary  
13      may not reject a proposal submitted pursuant to  
14      subsection (c) for any reason other than those set  
15      forth in section 612(b).

16          (4) FINAL DECISION.—Not later than 12  
17      months prior to the expiration date of an assistance  
18      contract, the Secretary shall make a final decision  
19      regarding entering into a new assistance contract.

20          (e) TRANSITION.—Subject to an owner’s agreement,  
21      the Secretary shall extend the term of any expiring con-  
22      tract for a period sufficient to facilitate notice under this  
23      section. If an owner of a project with an expiring contract  
24      does not agree to extend the contract, the Secretary shall

1 make available to tenants currently residing in the project  
2 assistance authorized under this subtitle.

3 **SEC. 614. ASSISTANCE FOR TENANTS.**

4 (a) ELIGIBLE TENANTS.—The Secretary shall make  
5 available to residents residing in units covered by an expir-  
6 ing contract that is not replaced with a new assistance  
7 contract either—

8 (1) project-based assistance in a unit which is  
9 located in the same market area, as defined by the  
10 Secretary, and for which the rent does not exceed  
11 the amount chargeable for rent under section 3(a) of  
12 the United States Housing Act of 1937; or

13 (2) tenant-based assistance under section 8 of  
14 the United States Housing Act of 1937.

15 (b) ADDITIONAL ASSISTANCE.—In connection with  
16 tenant-based assistance provided under subsection (a)(2),  
17 the Secretary is authorized to increase rent levels per-  
18 mitted under section 8(c)(1) of the United States Housing  
19 Act of 1937 for a period not to exceed 18 months to facili-  
20 tate a tenant's continued residence in the tenant's current  
21 dwelling unit.

22 (c) TYPE OF ASSISTANCE.—The Secretary shall de-  
23 termine the type of assistance to be provided under this  
24 section in consultation with eligible tenants.

25 (d) TENANT NOTIFICATION.—

1           (1) IN GENERAL.—Notwithstanding section  
2       8(c)(9) of the United States Housing Act of 1937,  
3       the owner shall provide tenants with not less than  
4       12 months notice prior to the expiration date of the  
5       contract. Such notice shall specify the process for  
6       entering into new assistance contracts under this  
7       section, the status of the renewal process, and the  
8       types of assistance that may be made available to  
9       tenants upon expiration of the contract.

10          (2) AUTHORITY TO EXTEND.—If the final plans  
11       for the project have not been concluded 12 months  
12       prior to the contract expiration date, the Secretary  
13       may extend the expiring contract under identical  
14       terms for a period terminating 12 months after the  
15       date on which notice is provided under paragraph  
16       (1).

17       (e) TENANT AND COMMUNITY OPPORTUNITY TO  
18       COMMENT.—The Secretary shall establish procedures that  
19       will provide tenants of a project covered by an expiring  
20       contract and the relevant unit or units of general local  
21       government an opportunity to participate in the renewal  
22       process. Such procedures shall include the provision of  
23       timely and adequate notice of proposed decisions (includ-  
24       ing an owner's decision not to enter into a new assistance  
25       contract or the Secretary's final decision to reject an own-

er's proposal), timely access to relevant information, and sufficient time and opportunity to comment on such information and proposed decisions.

(f) TECHNICAL ASSISTANCE.—To further the purposes of this subtitle, the Secretary may provide, directly or indirectly, to nonprofit organizations and bona fide organizations representing or assisting tenants residing in projects with expiring contracts, technical assistance for activities in connection with contracts that are not likely to be replaced with a new assistance contract. Of the amounts appropriated under section 621, not more than \$5,000,000 shall be available to carry out this subsection.

**SEC. 615. PROCEDURES FOR VOLUNTARY SALE TO QUALIFIED PURCHASER.**

The Secretary shall establish procedures to facilitate the voluntary sale of each project subject to a contract that is not replaced with a new assistance contract pursuant to this section to a qualified purchaser who meets the requirements set forth in section 618.

**SEC. 616. RENT LEVELS IN NEW CONTRACTS.**

(a) INITIAL RENT LEVELS.—The Secretary shall approve proposed initial rent levels that do not exceed 120 percent of fair market rents for the relevant metropolitan market area, if such levels—

1           (1) reflect the requirements of sections 617 and  
2       618; and

3           (2) do not exceed current rents under the expir-  
4       ing contract, as adjusted under section 8(c)(2) of  
5       the United States Housing Act of 1937.

6 Notwithstanding the Secretary's authority under this sub-  
7 section, an owner of a project with current rent levels that  
8 do not exceed 120 percent of fair market rents for the  
9 relevant metropolitan market area may, subject to the Sec-  
10 retary's approval, proceed under the budget-based ap-  
11 proach set forth in subsection (b) if the actual and pro-  
12 jected costs of operating the project so require.

13       (b) BUDGET-BASED APPROACH.—

14           (1) IN GENERAL.—For owners whose proposed  
15       rent levels exceed the amounts permitted under sub-  
16       section (a), the Secretary shall determine acceptable  
17       rent levels pursuant to negotiations with the owner  
18       based upon actual and projected costs of operating  
19       the project. Rents set pursuant to this subsection  
20       shall be established, after considering any refinanc-  
21       ing or mortgage debt restructuring that occurs pur-  
22       suant to section 617, at a level that would provide  
23       income sufficient to support the following:

24           (A) DEBT SERVICE.—Debt service.

1 (B) PROJECT OPERATING EXPENSES.—

2 Project operating expenses, including—

3 (i) contributions to adequate reserves;

4 (ii) the costs of maintenance and nec-  
5 essary rehabilitation, as approved by the  
6 Secretary; and

7 (iii) other costs permitted under sec-  
8 tion 8 of the United States Housing Act of  
9 1937 and approved by the Secretary.

10 (C) OPERATING LOSSES ALLOWANCE.—An  
11 adequate allowance for potential operating  
12 losses due to vacancies and failure to collect  
13 rents, as determined by the Secretary.

14 (D) REASONABLE RATE OF RETURN AL-  
15 LOWANCE.—An allowance for a reasonable rate  
16 of return to the owner, as determined by the  
17 Secretary.

18 (E) OTHER EXPENSES.—Other expenses  
19 determined necessary by the Secretary.

20 (2) MAXIMUM RENT.—The Secretary shall not  
21 enter into new contracts with an owner of a qualified  
22 housing project if the rents set pursuant to this sub-  
23 section exceed the lesser of—

1 (A) current rents under the expiring con-  
2 tract, as adjusted pursuant to section 8(c)(2) of  
3 the United States Housing Act of 1937;

4 (B) 144 percent of the fair market rents  
5 for the metropolitan market area; and

6 (C) rent levels of comparable unassisted  
7 housing in the same local market area.

8 (3) EXCEPTIONS TO MAXIMUM RENT.—

9 (A) IN GENERAL.—The Secretary is au-  
10 thorized to enter into new contracts with own-  
11 ers at rents that exceed the maximum rent set  
12 forth in paragraph (2) if the Secretary—

13 (i) in consultation with tenants and  
14 the relevant unit of general local govern-  
15 ment, determines that the project rep-  
16 resents a unique housing resource;

17 (ii) in consultation with tenants and  
18 the relevant unit of general local govern-  
19 ment, determines that the housing needs of  
20 the tenants and the community in which  
21 the project is located cannot be adequately  
22 addressed through the Secretary's provi-  
23 sion of tenant-based or project-based as-  
24 sistance to current tenants, in accordance

1 with subsections (a) and (b) of section  
2 615; or

3 (iii) determines that the project can-  
4 not be refinanced or restructured, pursu-  
5 ant to the exceptions set forth in section  
6 617(d).

7 (B) RENT LEVELS.—The Secretary may  
8 enter into new contracts at rent levels—

9 (i) in connection with projects that  
10 meet the exceptions set forth in clause (i)  
11 or (ii) of subparagraph (A), that are the  
12 higher of rents determined under the budg-  
13 et-based process set forth in paragraph (1)  
14 or rents of comparable unassisted housing  
15 in the same market area; and

16 (ii) in connection with projects that  
17 only meet the exception set forth in clause  
18 (iii) of subparagraph (A), that are the  
19 lower of rents determined under the budg-  
20 et-based process set forth in paragraph (1)  
21 or current rent levels, as adjusted pursuant  
22 to section 8(c)(2) of the United States  
23 Housing Act of 1937.

24 (c) RENT ADJUSTMENTS.—The Secretary shall ad-  
25 just initial rents approved under subsection (a) pursuant

1 to section 8(c)(2) of the United States Housing Act of  
 2 1937. The Secretary shall make any adjustments to initial  
 3 rents approved under subsection (b) pursuant to an an-  
 4 nual operating cost adjustment.

5 **SEC. 617. FINANCING AND RESTRUCTURING UNDERLYING**  
 6 **DEBT; DISCRETIONARY AUTHORITIES; RESID-**  
 7 **UAL RECEIPTS.**

8 (a) IN GENERAL.—Prior to entering into a new con-  
 9 tract with a present or future owner of qualified housing  
 10 under section 8(z) of the United States Housing Act of  
 11 1937 (as added by section 611) the Secretary shall encour-  
 12 age and, subject to the exceptions in subsection (d), may  
 13 require—

14 (1) the restructuring of debt if the costs to the  
 15 Federal Government of such restructuring are less  
 16 than the costs incurred by the Federal Government  
 17 under a section 8 contract at the project's current  
 18 debt level; and

19 (2) the refinancing of all debt that is financed  
 20 at a rate 250 basis points in excess of prevailing  
 21 market rates for debt with a similar maturity.

22 Notwithstanding section 8(c)(2)(C) of the United States  
 23 Housing Act of 1937, any project refinancing or debt re-  
 24 structuring shall be accompanied by a corresponding re-  
 25 duction in section 8 rent levels.

1 (b) FHA-INSURED AND SECTION 202 PROJECTS.—

2 Subject to the exceptions set forth in subsection (d), prior  
3 to entering into a new contract with an owner of a project  
4 insured by the Secretary or assisted under section 202 of  
5 the Housing Act of 1959, the Secretary shall require any  
6 debt to be restructured or refinanced to a level sufficient  
7 to meet the maximum rent requirements of section 616(b).

8 (c) STATE-FINANCED PROJECTS.—The Secretary  
9 shall establish procedures to inform State agencies that  
10 insure or finance mortgages of the provisions of this sub-  
11 title, and shall encourage such agencies to refinance or  
12 otherwise restructure debt which meets the conditions of  
13 paragraph (1) or (2) of subsection (a).

14 (d) EXCEPTIONS.—The Secretary shall not require  
15 the refinancing or debt restructuring of any project, if—

16 (1) the project was financed through obligations  
17 where such refinancing or debt restructuring is in-  
18 consistent with applicable law or agreements govern-  
19 ing such financing; or

20 (2) in the Secretary's determination, the refi-  
21 nancing will not result in significant savings to the  
22 Secretary or to the mortgagor.

23 (e) DISCRETIONARY ASSISTANCE.—To facilitate re-  
24 newal consistent with this section and section 616(b), the

1 Secretary may, from amounts appropriated under this  
2 subtitle—

3 (1) pay the owner's nonmortgagable transaction  
4 costs;

5 (2) provide the State agency or the mortgagee  
6 with an equitable share of the savings recaptured  
7 from the refinancing;

8 (3) apply a share of the savings recaptured  
9 from the refinancing to the project's reserves or cap-  
10 ital expenses;

11 (4) bifurcate the note to leave a first note serv-  
12 iceable within rents reflective of the local market;  
13 and

14 (5) assist in financing a project's rehabilitation  
15 needs through the provision of up-front grants  
16 from—

17 (A) residual receipts distributed to the Sec-  
18 retary;

19 (B) the budget authority provided for in-  
20 creases in new assistance contracts under sec-  
21 tion 8 of the United States Housing Act of  
22 1937 to pay for rehabilitation, if the Secretary  
23 determines that the provision of such grants in  
24 addition to section 8 rental assistance would be  
25 cost-effective; and

1 (C) savings resulting from refinancing or  
2 otherwise restructuring the debt.

3 (f) RESIDUAL RECEIPTS.—

4 (1) IN GENERAL.—Residual receipts distributed  
5 to the Secretary shall be retained by the Secretary  
6 for use under section 8(z) of the United States  
7 Housing Act of 1937.

8 (2) EXPEDITED ACQUISITION.—The Secretary  
9 may expedite the acquisition of residual receipts by  
10 entering into agreements with owners of housing  
11 covered by an expiring contract to provide such  
12 owner with a share of the receipts, not to exceed 15  
13 percent, only if the share will be applied to the  
14 project or to its reserves.

15 **SEC. 618. RENEWAL REQUIREMENTS.**

16 The Secretary may enter into a new contract for as-  
17 sistance under section 8(z) of the United States Housing  
18 Act of 1937 with an owner or purchaser of qualified hous-  
19 ing only if—

20 (1) the owner or purchaser agrees to—

21 (A) a basic contract term of not less than  
22 5 years; and

23 (B) renewal of the contract for additional  
24 terms of 5 years, without limitation, subject to  
25 the availability of appropriations and the Sec-

1           retary's procedures governing renewal, as set  
2           forth in this subtitle;

3           (2) the owner or purchaser agrees to a proposed  
4           method for calculating rent consistent with section  
5           616;

6           (3) the owner or purchaser agrees to a sound  
7           financial management program, consistent with sec-  
8           tion 617;

9           (4) the owner or purchaser agrees to provide  
10          adequate organization, staff, and financial resources  
11          to the project;

12          (5) the Secretary determines that proposed rent  
13          levels are sufficient to ensure that the project will  
14          remain in decent, safe, and sanitary condition and in  
15          compliance with any standards under applicable  
16          Federal, State, or local laws, rules, ordinances, regu-  
17          lations, or contractual provisions relating to the  
18          physical condition of the project; and

19          (6) the owner or purchaser agrees to meet such  
20          other requirements as the Secretary determines ap-  
21          propriate.

22   **SEC. 619. DELEGATION OF AUTHORITY.**

23          The Secretary may delegate authority under this sub-  
24          title as the Secretary deems appropriate to officials of  
25          State or local government.

1 **SEC. 620. DEFINITIONS.**

2 (a) DEFINITIONS.—For purposes of this subtitle—

3 (1) the term “expiration date” means the date  
4 on which an expiring contract expires;

5 (2) the term “expiring contract” means, in con-  
6 nection with the new construction or substantial re-  
7 habilitation of certain multifamily housing projects,  
8 assistance under section 8(b)(2) of the United  
9 States Housing Act of 1937, as such section existed  
10 before November 30, 1983, which, under the terms  
11 of the contract, will expire;

12 (3) the term “knowing” or “knowingly” means  
13 having actual knowledge of or acting with deliberate  
14 ignorance or reckless disregard;

15 (4) the term “qualified housing” means—

16 (A) a multifamily housing project that was  
17 constructed or substantially rehabilitated pursu-  
18 ant to assistance provided under section 8(b)(2)  
19 of the United States Housing Act of 1937, as  
20 such section existed before November 30, 1983,  
21 and for which assistance is provided pursuant  
22 to an expiring contract;

23 (B) housing described in subparagraph (A)  
24 that is acquired by a purchaser; or

25 (C) housing under an assistance contract  
26 pursuant to section 614(a)(1); and

1           (5) the term “renewal” means the replacement  
2       of an expiring contract with a new contract for as-  
3       sistance under section 8 of the United States Hous-  
4       ing Act of 1937, pursuant to the procedures of this  
5       subtitle.

6   **SEC. 621. IMPLEMENTATION.**

7       The Secretary shall establish such requirements as  
8       may be necessary to carry out the provisions of this sub-  
9       title. The Secretary shall issue—

10           (1) a proposed rule not later than 6 months  
11       after the date of enactment of this Act; and

12           (2) a final rule based on the proposed rule,  
13       after notice and opportunity for public comment, not  
14       later than 1 year after the date of enactment of this  
15       Act.

16   **SEC. 622. EVALUATION.**

17       The Secretary shall carry out a study of the renewal  
18       process authorized under this subtitle. The study shall in-  
19       clude an assessment of—

20           (1) the number of projects and corresponding  
21       units on which the contracts are terminated, the lo-  
22       cation of such projects, and the reasons for such ter-  
23       mination;

24           (2) the types of displacement assistance offered  
25       pursuant to section 614;

1 (3) the amount of savings generated;

2 (4) the number of projects where debt has been  
3 refinanced or otherwise restructured, together with  
4 the resulting savings amount;

5 (5) the number of projects acquired by a pur-  
6 chaser;

7 (6) the difference, if any, in rent levels under  
8 an expiring contract and new rent levels established  
9 under a new contract for assistance; and

10 (7) the numbers of projects for which rents are  
11 established pursuant to section 616(a).

12 **SEC. 623. AUTHORIZATION OF APPROPRIATIONS.**

13 There are authorized to be appropriated under sec-  
14 tion 5(c) of the United States Housing Act of 1937 (42  
15 U.S.C. 1437f) for contracts under section 8(z) of such Act  
16 such sums as may be necessary to carry out the provisions  
17 of this subtitle.

18 **Subtitle C—Other Section 8**  
19 **Program Amendments**

20 **SEC. 631. REFINANCING HIGH INTEREST MULTIFAMILY**  
21 **MORTGAGES AND ELIMINATING UNNECES-**  
22 **SARY COSTS.**

23 (a) REFINANCING INCENTIVE.—Section 8 of the  
24 United States Housing Act of 1937 (42 U.S.C. 1437f),

1 as amended by section 611, is amended by adding at the  
2 end the following new subsection:

3 “(aa) REFINANCING INCENTIVE.—

4 “(1) IN GENERAL.—The Secretary may pay all  
5 or part of the up front costs of refinancing for each  
6 project that—

7 “(A) is constructed, substantially rehabili-  
8 tated, or moderately rehabilitated under this  
9 section;

10 “(B) is subject to an assistance contract  
11 under this section; and

12 “(C) was subject to a mortgage that has  
13 been refinanced under section 223(a)(7) or sec-  
14 tion 223(f) of the National Housing Act to  
15 lower the periodic debt service payments of the  
16 owner.

17 “(2) SHARE FROM REDUCED ASSISTANCE PAY-  
18 MENTS.—The Secretary may pay the up front costs  
19 of refinancing only—

20 “(A) to the extent that funds accrue to the  
21 Secretary from the reduced assistance payments  
22 that result from the refinancing; and

23 “(B) after the application of amounts in  
24 accordance with section 1012 of the Stewart B.

1           McKinney Homeless Assistance Amendments  
2           Act of 1988.”.

3           (b)   FHA   CONTRACT   AMENDMENTS.—Section  
4   223(a)(7) of the National Housing Act (42 U.S.C.  
5   1715n(a)(7)) is amended—

6           (1) in subparagraph (B), by striking “and” at  
7           the end; and

8           (2) by striking “; or” at the end and inserting  
9           the following: “; and (D) any multifamily mortgage  
10          that is refinanced under this paragraph shall be doc-  
11          umented through amendments to the existing insur-  
12          ance contract and shall not be structured through  
13          the provision of a new insurance contract; or”.

14   **SEC. 632. TERMINATION AND REUSE OF SECTION 8 HAP**  
15                           **CONTRACT BUDGET AUTHORITY.**

16          Section 8 of the United States Housing Act of 1937  
17   (42 U.S.C. 1437f), as amended by sections 611 and 631,  
18   is amended by adding at the end the following new sub-  
19   section:

20          “(bb) TERMINATION OF SECTION 8 CONTRACTS AND  
21   REUSE OF RECAPTURED BUDGET AUTHORITY.—

22               “(1) GENERAL AUTHORITY.—The Secretary  
23          may reuse any budget authority that is recaptured  
24          on account of the termination, in whole or in part,  
25          of a housing assistance payments contract (other

1 than a contract for tenant-based assistance) only for  
2 one or more of the following:

3 “(A) TENANT-BASED ASSISTANCE.—Pur-  
4 suant to a contract with a public housing agen-  
5 cy, to provide tenant-based assistance under  
6 this section to families occupying units formerly  
7 assisted under the terminated contract.

8 “(B) PROJECT-BASED ASSISTANCE.—Pur-  
9 suant to a contract with a public housing agen-  
10 cy, or directly with an owner, to provide assist-  
11 ance to permit the agency to attach the assist-  
12 ance to one or more structures, in accordance  
13 with subsection (d)(2) or (o), except that this  
14 assistance shall not be taken into consideration  
15 in determining compliance with any percentage  
16 limitation for project-based assistance under  
17 subsection (d)(2) or (o).

18 “(2) FAMILIES OCCUPYING UNITS FORMERLY  
19 ASSISTED UNDER TERMINATED CONTRACT.—In  
20 choosing among the alternatives set forth in para-  
21 graph (1), the Secretary shall first make available  
22 tenant- or project-based assistance to families occu-  
23 pying units formerly assisted under the terminated  
24 contract.

1           “(3) NEW RENTS.—Rents established in con-  
 2           nection with a contract under this subsection shall  
 3           be established in accordance with subsection (c)(2),  
 4           but shall not exceed the amount of rent previously  
 5           paid under the terminated contract.

6           “(4) BUDGET SAVINGS.—To the extent that  
 7           new rents established under paragraph (3) are less  
 8           than the amount of rent previously paid under the  
 9           terminated contract, any budget authority remaining  
 10          shall be rescinded.”.

11 **SEC. 633. CIVIL MONEY PENALTIES FOR VIOLATION OF**  
 12 **SECTION 8 HAP CONTRACTS.**

13          (a) BASIC AUTHORITY.—Title I of the United States  
 14          Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amend-  
 15          ed by section 201, is amended by adding at the end the  
 16          following new section:

17 **“SEC. 28. CIVIL MONEY PENALTIES AGAINST SECTION 8**  
 18 **OWNERS.**

19          “(a) IN GENERAL.—The penalties set forth in this  
 20          section shall be in addition to any other available civil rem-  
 21          edy or criminal penalty, and may be imposed regardless  
 22          of whether or not the Secretary imposes other administra-  
 23          tive sanctions. The Secretary may not impose penalties  
 24          under this section for a violation, if a material cause of  
 25          the violation is the failure of the Secretary, an agent of

1 the Secretary, or a public housing agency to comply with  
 2 an existing agreement.

3 “(b) VIOLATIONS OF HOUSING ASSISTANCE PAY-  
 4 MENT CONTRACTS FOR WHICH PENALTY MAY BE IM-  
 5 POSED.—

6 “(1) LIABLE PARTIES.—The Secretary may im-  
 7 pose a civil money penalty under this section on—

8 “(A) any owner of a property receiving  
 9 project-based assistance under section 8;

10 “(B) any general partner of a partnership  
 11 owner of such property; and

12 “(C) any agent employed to manage the  
 13 property that has an identity of interest with  
 14 the owner or the general partner of a partner-  
 15 ship owner of the property.

16 “(2) VIOLATIONS.—A penalty may be imposed  
 17 under this section in connection with project-based  
 18 assistance under section 8 for a knowing and mate-  
 19 rial breach of a housing assistance payments con-  
 20 tract, including the following:

21 “(A) DECENT, SAFE, AND SANITARY HOUS-  
 22 ING.—Failure to provide decent, safe, and sani-  
 23 tary housing.

24 “(B) FALSE STATEMENTS.—Knowing or  
 25 willful submission of false, fictitious, or fraudu-

1           lent statements or requests for housing assist-  
2           ance payments to the Secretary or to any de-  
3           partment or agency of the United States.

4           “(3) AMOUNT OF PENALTY.—The amount of a  
5           penalty imposed for a violation under this sub-  
6           section, as determined by the Secretary, may not ex-  
7           ceed \$25,000 per violation.

8           “(c) AGENCY PROCEDURES.—

9           “(1) ESTABLISHMENT.—The Secretary shall  
10          issue regulations establishing standards and proce-  
11          dures governing the imposition of civil money pen-  
12          alties under subsection (b). Such standards and pro-  
13          cedures—

14               “(A) shall provide for the Secretary or  
15               other department official to make the deter-  
16               mination to impose the penalty;

17               “(B) shall provide for the imposition of a  
18               penalty only after the liable party has received  
19               notice and the opportunity for a hearing on the  
20               record; and

21               “(C) may provide for review by the Sec-  
22               retary of any determination or order, or inter-  
23               locutory ruling, arising from such hearing, and  
24               judicial review, as provided under subsection  
25               (d).

1           “(2) FINAL ORDERS.—If a hearing is not re-  
2       requested prior to the expiration of the 15-day period  
3       beginning on the date on which the notice of oppor-  
4       tunity for hearing is received, the imposition of a  
5       penalty under subsection (b) shall constitute a final  
6       and nonappealable determination. If the Secretary  
7       reviews the determination or order, the Secretary  
8       may affirm, modify, or reverse that determination or  
9       order. If the Secretary does not review the deter-  
10      mination or order before the expiration of the 90-  
11      day period beginning on the date on which the deter-  
12      mination or order is issued, the determination or  
13      order shall be final.

14           “(3) FACTORS IN DETERMINING AMOUNT OF  
15      PENALTY.—In determining the amount of a penalty  
16      under subsection (b), the Secretary shall take into  
17      consideration—

18                   “(A) the gravity of the offense;

19                   “(B) any history of prior offenses (includ-  
20      ing offenses occurring before the date of enact-  
21      ment of this section) by the violator;

22                   “(C) the ability of the violator to pay the  
23      penalty;

24                   “(D) any injury to tenants;

25                   “(E) any injury to the public;

1           “(F) any benefits received by the violator  
2           as a result of the violation;

3           “(G) the deterrence of future violations;  
4           and

5           “(H) such other factors as the Secretary  
6           may establish by regulation.

7           “(4) PAYMENT OF PENALTY.—No payment of a  
8           civil money penalty levied under this section shall be  
9           payable out of project income.

10          “(d) JUDICIAL REVIEW OF AGENCY DETERMINA-  
11          TION.—Judicial review of determinations made under this  
12          section shall be carried out in accordance with section  
13          537(e) of the National Housing Act.

14          “(e) REMEDIES FOR NONCOMPLIANCE.—

15               “(1) JUDICIAL INTERVENTION.—If a person or  
16               entity fails to comply with the Secretary’s deter-  
17               mination or order imposing a civil money penalty  
18               under subsection (b), after the determination or  
19               order is no longer subject to review as provided by  
20               subsections (c) and (d), the Secretary may request  
21               the Attorney General of the United States to bring  
22               an action in an appropriate United States district  
23               court to obtain a monetary judgment against that  
24               person or entity and such other relief as may be  
25               available. The monetary judgment may, in the

1 court's discretion, include the attorney's fees and  
2 other expenses incurred by the United States in con-  
3 nection with the action.

4 “(2) NONREVIEWABILITY OF DETERMINATION  
5 OR ORDER.—In an action under this subsection, the  
6 validity and appropriateness of the Secretary's deter-  
7 mination or order imposing the penalty shall not be  
8 subject to review.

9 “(f) SETTLEMENT BY SECRETARY.—The Secretary  
10 may compromise, modify, or remit any civil money penalty  
11 which may be, or has been, imposed under this section.

12 “(g) DEPOSIT OF PENALTIES.—Notwithstanding any  
13 other provision of law, the Secretary shall apply all civil  
14 money penalties collected under this section, or any por-  
15 tion of such penalties, to the fund established under sec-  
16 tion 201(j) of the Housing and Community Development  
17 Amendments of 1978.

18 “(h) DEFINITIONS.—For purposes of this section—

19 “(1) the term ‘identity of interest managing  
20 agent’ means an entity—

21 “(A) that has management responsibility  
22 for a project;

23 “(B) in which the ownership entity, includ-  
24 ing its general partner or partners (if applica-  
25 ble), has an ownership interest; and

1           “(C) over which such ownership entity ex-  
2           erts effective control;

3           “(2) the terms ‘ownership interest in’ and ‘ef-  
4           fective control’ shall have such meanings as the Sec-  
5           retary shall by regulation prescribe; and

6           “(3) the term ‘knowing’ means having actual  
7           knowledge of or acting with deliberate ignorance of  
8           or reckless disregard for the prohibitions under this  
9           section.”.

10          (b) APPLICABILITY OF AMENDMENTS.—The amend-  
11       ments made by subsection (a) shall apply only with respect  
12       to—

13               (1) violations that occur on or after the effec-  
14       tive date of final regulations implementing the  
15       amendments made by this section; and

16               (2) in the case of a continuing violation (as de-  
17       termined by the Secretary), any portion of a viola-  
18       tion that occurs on or after such date.

19          (c) IMPLEMENTATION.—

20               (1) REGULATIONS.—The Secretary shall imple-  
21       ment the amendments made by this section by regu-  
22       lation issued after notice and opportunity for public  
23       comment. The notice shall seek comments as to the  
24       definitions of the terms “ownership interest in” and  
25       “effective control”, as such terms are used in the

1 definition of the term “identity of interest managing  
2 agent”.

3 (2) TIMING.—A proposed rule implementing the  
4 amendments made by this section shall be published  
5 not later than January 20, 1995.

## 6 **Subtitle D—Supportive Housing**

### 7 **SEC. 641. SECTION 811 RENTAL ASSISTANCE FOR PERSONS** 8 **WITH DISABILITIES.**

9 (a) RENTAL ASSISTANCE FOR EXISTING BUILD-  
10 INGS.—Section 811 of the Cranston-Gonzalez National  
11 Affordable Housing Act (42 U.S.C. 8013) is amended—

12 (1) in subsection (d)(2), by adding at the end  
13 the following: “The Secretary may enter into con-  
14 tracts with private nonprofit organizations to provide  
15 project rental assistance for supportive housing for  
16 persons with disabilities, regardless of whether or  
17 not that housing is developed with capital advances  
18 under this section.”;

19 (2) in subsection (e)—

20 (A) in paragraph (1), by inserting “with  
21 capital advances” immediately after “assisted”;  
22 and

23 (B) in paragraph (2), by striking the first  
24 2 sentences and inserting the following: “The  
25 initial term of a contract entered into under

1 subsection (d)(2) shall be 240 months for hous-  
2 ing developed with a capital advance, and shall  
3 be not more than 60 months for housing not  
4 developed with a capital advance. The Secretary  
5 shall, to the extent approved in appropriations  
6 Acts, extend any expiring contracts for a term  
7 of not less than 60 months.”;

8 (3) in subsection (g)—

9 (A) in paragraph (1), by inserting “(if ap-  
10 plicable)” immediately after “develop”;

11 (B) in paragraph (3), by inserting “design  
12 or” immediately after “which the”; and

13 (C) in paragraph (5), by inserting “design  
14 or” immediately after “which the”;

15 (4) in subsection (j)—

16 (A) in paragraph (3)—

17 (i) by striking “An” and inserting the  
18 following:

19 “(A) If the housing is to be assisted with  
20 capital advances under this section, an”; and

21 (ii) by adding at the end the following  
22 new subparagraph:

23 “(B) If the housing is to be assisted only  
24 with project rental assistance, the applicant  
25 shall have ownership or control of a suitable

1 site at the time of application. The Secretary  
 2 may approve a change in site at any time from  
 3 the date the application is submitted to the ex-  
 4 piration date of the rental assistance contract.”;  
 5 and

6 (B) in paragraph (4), by striking “The”  
 7 and inserting the following: “If the housing is  
 8 assisted with capital advances under this sec-  
 9 tion, the”;

10 (5) in subsection (k)—

11 (A) in the second sentence of paragraph  
 12 (1), by striking “the development of”;

13 (B) in paragraph (4), by inserting after  
 14 “project” the following: “, consisting of one or  
 15 more buildings,”; and

16 (C) in paragraph (5), by inserting imme-  
 17 diately after “disabilities” the following: “, or  
 18 that receives rental assistance under this sec-  
 19 tion to operate or project for supportive housing  
 20 for persons with disabilities”; and

21 (6) in subsection (m)(3), by striking “(1)” and  
 22 inserting “(2)”.

23 (b) TECHNICAL CHANGES.—

24 (1) DEFINITION OF PRIVATE NONPROFIT ORGA-  
 25 NIZATION.—Section 811(k)(6)(A) of the Cranston-

1       Gonzalez National Affordable Housing Act (42  
2       U.S.C. 8013(k)(6)(A)) is amended to read as fol-  
3       lows:

4               “(A) that has received tax-exempt status  
5               under paragraph (3) or (4) of section 501(c) of  
6               the Internal Revenue Code of 1986;”.

7               (2) REPEAL.—Section 8(i) of the United States  
8       Housing Act of 1937 (42 U.S.C. 8013(i)) is hereby  
9       repealed.

10   **SEC. 642. SERVICE COORDINATORS IN SUPPORTIVE HOUS-**  
11               **ING.**

12       There are authorized to be appropriated for assist-  
13       ance for service coordinators under section 676 of the  
14       Housing and Community Development Act of 1992, sec-  
15       tion 8(d)(2)(F)(i) of the United States Housing Act of  
16       1937, section 202 of the Housing Act of 1959, and section  
17       811 of the Cranston-Gonzalez National Affordable Hous-  
18       ing Act, \$15,000,000 for fiscal year 1995, and  
19       \$15,000,000 for fiscal year 1996.

20   **SEC. 643. FUNDING FOR SUPPORTIVE HOUSING FOR THE**  
21               **ELDERLY.**

22       Section 601 of the Housing and Community Develop-  
23       ment Act of 1992 (106 Stat. 3802) is amended by striking  
24       subsection (a) and inserting the following:

25               “(a) AUTHORIZATION OF APPROPRIATIONS.—

1           “(1) SUPPORTIVE HOUSING FOR THE ELDER-  
2       LY.—There are authorized to be appropriated to  
3       carry out section 202 of the Housing Act of 1949—

4                   “(A) \$1,015,000,000 for fiscal year 1995;  
5               and

6                   “(B) \$1,045,450,000 for fiscal year  
7               1996.”.

8   **SEC. 644. FUNDING FOR SUPPORTIVE HOUSING FOR PER-**  
9                   **SONS WITH DISABILITIES.**

10       Section 601(a) of the Housing and Community De-  
11       velopment Act of 1992 (106 Stat. 3802(a)), as amended  
12       by section 623, is amended by adding at the end the fol-  
13       lowing new subsection:

14           “(2) SUPPORTIVE HOUSING FOR PERSONS WITH  
15       DISABILITIES.—There are authorized to be appro-  
16       priated to carry out section 811 of the Cranston-  
17       Gonzalez National Affordable Housing Act—

18                   “(A) \$435,000,000 for fiscal year 1995;  
19               and

20                   “(B) \$448,050,000 for fiscal year 1996.”.

21   **SEC. 645. HOUSING OPPORTUNITIES FOR PERSONS WITH**  
22                   **AIDS.**

23       (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
24       863 of the Cranston-Gonzalez National Affordable Hous-  
25       ing Act (42 U.S.C. 12912) is amended to read as follows:

1 **“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out  
3 this subtitle \$166,000,000 for fiscal year 1995 and  
4 \$166,000,000 for fiscal year 1996.”.

5 **Subtitle E—Miscellaneous**  
6 **Provisions**

7 **SEC. 651. FLEXIBLE SUBSIDY PROGRAM.**

8 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
9 201(j)(5) of the Housing and Community Development  
10 Amendments of 1978 (12 U.S.C. 1715z–1a(j)(5)) is  
11 amended to read as follows:

12 “(5) There are authorized to be appropriated  
13 for assistance under the flexible subsidy fund an  
14 amount not to exceed \$50,000,000 for fiscal year  
15 1995, and not to exceed \$50,000,000 for fiscal year  
16 1996.”.

17 (b) USE OF SECTION 236 RENTAL ASSISTANCE  
18 FUND AMOUNTS.—Section 236(f)(3) of the National  
19 Housing Act (12 U.S.C. 1715z–1(f)(3)) is amended by  
20 striking the last sentence.

21 **SEC. 652. EXTENSION OF SECTION 221(g)(4) AUCTION PROVI-**  
22 **SIONS.**

23 The first sentence of section 221(g)(4)(C)(viii) of the  
24 National Housing Act (12 U.S.C. 1715/(g)(4)(C)(viii)) is  
25 amended by striking “September 30, 1995” and inserting  
26 “December 31, 2005”.

1 **SEC. 653. EXTENSION OF MULTIFAMILY MORTGAGE CREDIT**  
2 **DEMONSTRATIONS.**

3 Section 542 of the Housing and Community Develop-  
4 ment Act of 1992 (12 U.S.C. 1708) is amended—

5 (1) in subsection (b)(5), by striking “15,000  
6 units over fiscal years 1993 and 1994” and inserting  
7 “25,000 units over fiscal years 1993 through 1996”;  
8 and

9 (2) in subsection (c)(4), by striking “30,000  
10 units over fiscal years 1993, 1994, and 1995” and  
11 inserting “40,000 units over fiscal years 1993  
12 through 1997”.

13 **SEC. 654. INDEMNIFICATION FOR PROJECT MANAGERS.**

14 Section 207(l) of the National Housing Act (12  
15 U.S.C. 1713(l)) is amended by adding at the end the fol-  
16 lowing: “For properties acquired by the Secretary under  
17 this section and for properties securing any mortgage as-  
18 signed and transferred to or held by the Secretary, the  
19 Secretary may indemnify management contractors against  
20 claims brought by third persons for death, bodily injury,  
21 or loss of or damage to property on such terms as the  
22 Secretary determines appropriate.”.

1 **SEC. 655. CIVIL MONEY PENALTIES AGAINST GENERAL**  
2 **PARTNERS AND CERTAIN MANAGING AGENTS**  
3 **OF MULTIFAMILY HOUSING PROJECTS.**

4 (a) CIVIL MONEY PENALTIES AGAINST MULTIFAM-  
5 ILY MORTGAGORS.—Section 537 of the National Housing  
6 Act (12 U.S.C. 1735f–15) is amended—

7 (1) in subsection (b)(1), by inserting after  
8 “mortgagor” the second place it appears the follow-  
9 ing: “or general partner of a partnership mortga-  
10 gor”;

11 (2) in subsection (c)—

12 (A) by striking the heading and inserting  
13 the following:

14 “(c) OTHER VIOLATIONS.—”; and

15 (B) in paragraph (1)—

16 (i) by striking “The Secretary may”  
17 and all that follows through the colon and  
18 inserting the following:

19 “(A) LIABLE PARTIES.—The Secretary  
20 may also impose a civil money penalty under  
21 this section on—

22 “(i) any mortgagor of a property that  
23 includes 5 or more living units and that  
24 has a mortgage insured, coinsured, or held  
25 pursuant to this Act;

1           “(ii) the general partner of a partner-  
2           ship mortgagor of such property; or

3           “(iii) any agent employed to manage  
4           the property that has an identity of inter-  
5           est with the mortgagor or the general part-  
6           ner of a partnership mortgagor of such  
7           property.

8           “(B) VIOLATIONS.—A penalty may be im-  
9           posed under this paragraph for knowingly and  
10          materially taking any of the following actions:”;

11          (ii) in subparagraph (B), as redesign-  
12          ated, by redesignating subparagraphs (A)  
13          through (L) as clauses (i) through (xii), re-  
14          spectively;

15          (iii) by adding after clause (xii), as re-  
16          designated, the following new clauses:

17          “(xiii) Failure to maintain the prem-  
18          ises, accommodations, and the grounds and  
19          equipment appurtenant thereto in good re-  
20          pair and condition in accordance with reg-  
21          ulations and requirements of the Secretary,  
22          except that nothing in this clause shall  
23          have the effect of altering the provisions of  
24          an existing regulatory agreement or feder-  
25          ally insured mortgage on the property.

1           “(xiv) Failure, by a mortgagor or gen-  
 2           eral partner of a partnership mortgagor, to  
 3           provide management for the project that is  
 4           acceptable to the Secretary pursuant to  
 5           regulations and requirements of the Sec-  
 6           retary.”; and

7           (iv) in the last sentence, by deleting  
 8           “of such agreement” and inserting “of this  
 9           subsection”;

10          (3) in subsection (d)—

11           (A) in paragraph (1)(B), by inserting after  
 12           “mortgagor” the following: “, general partner  
 13           of a partnership mortgagor, or identity of inter-  
 14           est agent employed to manage the property,”;  
 15           and

16           (B) by adding at the end the following new  
 17           paragraph:

18           “(5) PAYMENT OF PENALTY.—No payment of a  
 19           civil money penalty levied under this section shall be  
 20           payable out of project income.”;

21          (4) in subsection (e)(1), by deleting “a mortga-  
 22           gor” and inserting “an entity or person”;

23          (5) in subsection (f), by inserting after “mort-  
 24           gagor” each place such term appears the following:

25           “, general partner of a partnership mortgagor, or

1 identity of interest agent employed to manage the  
2 property,”;

3 (6) by striking the heading of subsection (f)  
4 and inserting the following: “CIVIL MONEY PEN-  
5 ALTIES AGAINST MULTIFAMILY MORTGAGORS, GEN-  
6 ERAL PARTNERS OF PARTNERSHIP MORTGAGORS,  
7 AND CERTAIN MANAGING AGENTS”;

8 (7) in subsection (j), by striking “all civil  
9 money” and all that follows through the period at  
10 the end and inserting the following: “the Secretary  
11 shall apply all civil money penalties collected under  
12 this section, or any portion of such penalties, to the  
13 fund established under section 201(j) of the Housing  
14 and Community Development Amendments of  
15 1978.”; and

16 (8) by adding at the end the following new sub-  
17 section:

18 “(k) IDENTITY OF INTEREST MANAGING AGENT.—  
19 For purposes of this section, the term ‘identity of interest  
20 managing agent’ means an entity—

21 “(1) that has management responsibility for a  
22 project;

23 “(2) in which the ownership entity, including its  
24 general partner or partners (if applicable), has an  
25 ownership interest; and

1           “(3) over which such ownership entity exerts ef-  
2       fective control.”.

3       (b) IMPLEMENTATION.—

4           (1) PUBLIC COMMENT.—The Secretary shall  
5       implement the amendments made by this section by  
6       regulation issued after notice and opportunity for  
7       public comment. The notice shall seek comments pri-  
8       marily as to the definitions of the terms “ownership  
9       interest in” and “effective control”, as such terms  
10      are used in the definition of identity of the term “in-  
11      terest managing agent”.

12          (2) TIMING.—A proposed rule implementing the  
13      amendments made by this section shall be published  
14      not later than January 20, 1995.

15      (c) APPLICABILITY OF AMENDMENTS.—The amend-  
16   ments made by subsection (a) shall apply only with respect  
17   to—

18          (1) violations that occur on or after the effec-  
19      tive date of the final regulations implementing the  
20      amendments made by this section; and

21          (2) in the case of a continuing violation (as de-  
22      termined by the Secretary), any portion of a viola-  
23      tion that occurs on or after such date.

1 **SEC. 656. EXTENSION OF EQUITY SKIMMING TO OTHER**  
 2 **MULTIFAMILY HOUSING PROGRAMS.**

3 Section 254 of the National Housing Act (12 U.S.C.  
 4 1715z-19) is amended—

5 (1) by inserting “202 (as such program existed  
 6 before the date of enactment of the Cranston-Gon-  
 7 zalez National Affordable Housing Act),” before  
 8 “203,”;

9 (2) by inserting “221(d)(2),” after “220,”;

10 (3) by inserting “222,” after “221(d)(4),”;

11 (4) by inserting “235,” after “234,”;

12 (5) by inserting “255,” after “244,”; and

13 (6) by inserting “or 542(b) or 542(c) of the  
 14 Housing and Community Development Act of  
 15 1992,” after “title XI,”.

16 **SEC. 657. COMPREHENSIVE NEEDS ASSESSMENTS.**

17 (a) IN GENERAL.—Section 401(1)(A) of the Housing  
 18 and Community Development Act of 1992 (12 U.S.C.  
 19 1715z-1a note) is amended—

20 (1) in clause (iii), by striking “or” at the end;

21 (2) in clause (iv), by striking “and” at the end  
 22 and inserting “or”; and

23 (3) by adding at the end the following new  
 24 clause:

25 “(iv) is insured by the Secretary and is receiv-  
 26 ing housing assistance payments under section 8 of

1 the United States Housing Act of 1937 (excluding  
 2 payments made for tenant-based assistance under  
 3 section 8 or for projects assisted under section 515  
 4 of the Housing Act of 1949); and”.

5 (b) TECHNICAL AMENDMENT.—Section 202(a) of the  
 6 Housing and Community Development Amendments of  
 7 1978 (12 U.S.C. 1715z–1b(a)) is amended in the second  
 8 sentence by striking “section 201(c)” and inserting “sub-  
 9 paragraphs (A), (B), and (C) of section 201(c)(1)”.

10 **SEC. 658. AUTHORIZATION OF APPROPRIATIONS FOR GEN-**  
 11 **ERAL INSURANCE FUND AND SPECIAL RISK**  
 12 **INSURANCE FUND.**

13 Section 542 of the National Housing Act (12 U.S.C.  
 14 1735f–20) is amended by striking “1994 and 1995” and  
 15 inserting “1995 and 1996”.

16 **SEC. 659. FHA MORTGAGE INSURANCE LIMITS FOR MULTI-**  
 17 **FAMILY HOUSING IN HIGH COST AREAS.**

18 Sections 207(c)(3), 213(b)(2), 221(d)(3)(ii),  
 19 221(d)(4)(ii), 231(c)(2), and 234(e)(3) of the National  
 20 Housing Act (12 U.S.C. 1713(c)(3), 1715e(b)(2),  
 21 1715l(d)(3)(ii), 1715/(d)(4)(ii), 1715v(c)(2); and  
 22 1715y(e)(3)) are amended by striking “140 percent” in  
 23 each place it appears and inserting in lieu thereof “147  
 24 percent”.

1 **SEC. 660. ELIMINATION OF NEW ACTIVITY IN LOW-USE**  
2 **MULTIFAMILY DEVELOPMENT PROGRAMS.**

3 (a) SECTION 220.—Section 220 of the National  
4 Housing Act (12 U.S.C. 1715k) is amended by adding at  
5 the end the following new subsection:

6 “(i) TERMINATION OF AUTHORITY.—Beginning 30  
7 days after the effective date of the Housing Choice and  
8 Community Investment Act of 1994, the Secretary may  
9 not accept new applications for mortgage insurance under  
10 this section.”.

11 (b) TITLE XI.—Section 1101 of the National Hous-  
12 ing Act (12 U.S.C. 1749aaa) is amended by adding at the  
13 end the following new subsection:

14 “(g) TERMINATION OF AUTHORITY.—Beginning 30  
15 days after the effective date of the Housing Choice and  
16 Community Investment Act of 1994, the Secretary may  
17 not accept new applications for mortgage insurance under  
18 this title.”.

19 **SEC. 661. REVISED CONGREGATE SERVICES.**

20 Section 802(d)(7) of the Cranston-Gonzalez National  
21 Affordable Housing Act (42 U.S.C. 8011(d)(7)) is amend-  
22 ed in subparagraph (A) by striking “The fees for meals  
23 shall be in the following amounts:” and all that follows  
24 through the end of the paragraph.

1 **SEC. 662. STUDY ON FHA INSURED MULTIFAMILY HOUSING**  
2 **MORTGAGES.**

3 (a) IN GENERAL.—The Secretary and the Comptrol-  
4 ler General of the United States shall jointly conduct a  
5 study of the risks and benefits associated with the insur-  
6 ance of mortgages on multifamily housing by the Federal  
7 Housing Administration (hereafter in this section referred  
8 to as the “FHA”) under the National Housing Act.

9 (b) SCOPE OF STUDY.—The study conducted under  
10 this section shall analyze—

11 (1) the relationship between the default rates  
12 for the various FHA multifamily mortgage insurance  
13 programs and the credit subsidy amounts appro-  
14 priated for these programs;

15 (2) the availability of private mortgage credit  
16 for the development and acquisition of multifamily  
17 housing;

18 (3) ways to enhance the availability of private  
19 mortgage credit, with and without FHA mortgage  
20 insurance, for the development and acquisition of  
21 multifamily housing;

22 (4) the effect of downpayment requirements  
23 and nonrecourse lending on the claims rate under  
24 the mortgage insurance program established by sec-  
25 tion 221(d)(4) of the National Housing Act and  
26 ways to reduce the claims rate under such program;

1           (5) the relative financial risks shared between  
2           the General Insurance Fund and the Special Risk  
3           Insurance Fund under the National Housing Act  
4           and developers of FHA insured multifamily housing  
5           (including an analysis of the profits being realized  
6           by developers under the insurance program estab-  
7           lished in section 221(d)(4) of the National Housing  
8           Act compared to the financial risk to such devel-  
9           opers);

10          (6) the geographic diversity of FHA insured  
11          multifamily housing, including the difference in the  
12          number of units, project and per unit costs, and de-  
13          fault rates (and any reasons for anomalies in the de-  
14          fault rates in any geographic region);

15          (7) the need for low-income affordable multi-  
16          family housing and the need for market rate multi-  
17          family housing by geographic area, and specific rea-  
18          sons why this need is or is not addressed in each  
19          area; and

20          (8) the importance of FHA multifamily mort-  
21          gage insurance in providing decent, safe, and sani-  
22          tary rental housing for low-income individuals and  
23          families.

24          (c) REPORT.—Not later than 12 months after the  
25          date of enactment of this Act, the Secretary and the

1 Comptroller General of the United States shall submit a  
 2 report to the Committee on Banking, Housing, and Urban  
 3 Affairs of the Senate and the Committee on Banking, Fi-  
 4 nance and Urban Affairs of the House of Representatives  
 5 regarding the findings of the study conducted pursuant  
 6 to this section. Such report shall include any recommenda-  
 7 tions for increasing the availability of affordable multifam-  
 8 ily housing and reducing the financial risk to the General  
 9 Insurance Fund and the Special Risk Insurance Fund  
 10 under the National Housing Act.

## 11 **TITLE VII—COMMUNITY AND** 12 **ECONOMIC DEVELOPMENT**

### 13 **SEC. 701. COMMUNITY AND ECONOMIC DEVELOPMENT.**

14 Title I of the Housing and Community Development  
 15 Act of 1974 (42 U.S.C. 5301 et seq.) is amended by add-  
 16 ing at the end the following new section:

#### 17 **“SEC. 123. LEVERAGED INVESTMENTS FOR TOMORROW** 18 **(LIFT) PROGRAM.**

19 “(a) IN GENERAL.—

20 “(1) GRANTS AUTHORIZED.—The Secretary is  
 21 authorized to make project-specific assistance avail-  
 22 able in accordance with the provisions of this section  
 23 for the purpose of stimulating economic activities  
 24 that primarily benefit the low- and moderate-income  
 25 residents of an investment area.

1           “(2) PROJECT GOALS.—The Secretary shall  
2       provide assistance to projects in investment areas  
3       that—

4                   “(A) generate new investment;

5                   “(B) directly create or retain jobs for resi-  
6       dents;

7                   “(C) increase the amount of disposable in-  
8       come expended inside the investment area;

9                   “(D) promote physical and economic revi-  
10      talization;

11                  “(E) increase the availability of goods and  
12      services to residents; or

13                  “(F) enhance the upward mobility of resi-  
14      dents.

15      “(b) ELIGIBLE APPLICANTS.—In carrying out this  
16      section, the Secretary shall make assistance described in  
17      subsection (f) available to States, units of general local  
18      government, Indian tribes, and urban or rural community-  
19      based development organizations, and community develop-  
20      ment financial institutions.

21      “(c) ELIGIBLE ACTIVITIES.—

22                  “(1) IN GENERAL.—The Secretary shall provide  
23      assistance under this section only to fund activities  
24      in investment areas including the rehabilitation, con-  
25      struction, or financing of—

1           “(A) retail or service facilities;

2           “(B) the nonhousing portion of mixed use  
3 projects;

4           “(C) public facilities (except for buildings  
5 for the general use of government);

6           “(D) the creation of new or retention of  
7 existing enterprises;

8           “(E) incubator facilities to house small en-  
9 terprises; and

10          “(F) light industrial facilities and equip-  
11 ment.

12          “(2) FORMS OF ASSISTANCE.—Assistance made  
13 available under this subsection may be in the form  
14 of grants, loans, credit enhancement loan loss re-  
15 serves, or other appropriate financing mechanism.

16          “(d) INELIGIBLE ACTIVITIES.—The Secretary shall  
17 not provide assistance under this section to fund—

18           “(1) assistance to housing or housing related  
19 activities, except as provided in subsection (c)(1)(B);

20           “(2) public services as described in section  
21 105(a)(8);

22           “(3) assistance to develop or rehabilitate infra-  
23 structure pursuant to section 105;

24           “(4) assistance to finance job training activities;  
25 or

1           “(5) assistance to finance working capital ex-  
2       penses.

3       “(e) ELIGIBLE INVESTMENT AREAS.—Assistance  
4 made available under this section shall be used—

5           “(1) in areas that—

6               “(A) have a continuous boundary;

7               “(B) are not less than 50 percent residen-  
8       tial;

9               “(C) have a population of which not less  
10       than 20 percent is at or below the poverty level;  
11       and

12               “(D) are located within a metropolitan or  
13       nonmetropolitan area that is economically dis-  
14       tressed and physically deteriorated, according to  
15       criteria determined by the Secretary; or

16           “(2) in areas that have been designated as an  
17       ‘Enterprise Community’ or ‘Empowerment Zone’  
18       pursuant to section 1391 of the Internal Revenue  
19       Code of 1986.

20       “(f) SELECTION PROCESS.—The Secretary shall se-  
21       lect grantees under this section on a competitive basis in  
22       accordance with the following:

23           “(1) IN GENERAL.—Each application for assist-  
24       ance shall—

1           “(A) include the amount of assistance re-  
2           quested and the proposed uses of funds;

3           “(B) describe the demographic, physical,  
4           and economic characteristics of the investment  
5           area;

6           “(C) describe a specific, eligible activity;

7           “(D) include an integrated strategy for the  
8           economic and physical revitalization of the in-  
9           vestment area;

10          “(E) demonstrate that the proposed  
11          project is an important component of an ongo-  
12          ing effort to implement the integrated strategy;

13          “(F) certify that the proposed project is  
14          consistent with the applicable community devel-  
15          opment and housing plans of the State or unit  
16          of general local government; and

17          “(G) certify that the applicant will comply  
18          with requirements of the Fair Housing Act,  
19          title VI of the Civil Rights Act of 1964, section  
20          504 of the Rehabilitation Act of 1973, and the  
21          Age Discrimination Act of 1975.

22          “(2) AWARDS.—The Secretary may select  
23          grantees for assistance on a quarterly basis.

1       “(g) SELECTION CRITERIA.—The Secretary shall se-  
2 lect grantees from among eligible applicants based on the  
3 following criteria:

4           “(1) SOCIAL AND ECONOMIC NEED.—The ex-  
5 tent of economic and social need in the investment  
6 area.

7           “(2) PHYSICAL NEED.—The extent of physical  
8 need in the investment area, including the extent of  
9 deteriorated or vacant and blighted commercial and  
10 residential buildings and the extent of abandoned  
11 commercial and residential property.

12          “(3) POSITIVE ECONOMIC IMPACT ON INVEST-  
13 MENT AREA.—The extent to which an applicant’s  
14 project shall produce a positive economic impact on  
15 the investment area, as evidenced by—

16           “(A) creation or retention of jobs;

17           “(B) creation, expansion, or retention of  
18 private, for-profit entities, particularly those en-  
19 tities that are wholly- or majority-owned by  
20 residents;

21           “(C) removal of blighted and vacant or  
22 abandoned land or buildings and the replace-  
23 ment of such with a productive eligible activity;

24           “(D) increase in the availability of goods  
25 and services to residents; or

1           “(E) the generation of new local tax reve-  
2           nue, including any temporary tax abatement  
3           provided to assist in the development of the  
4           project.

5           “(4) LEVERAGE.—The extent of leverage of  
6           non-Federal public and private resources.

7           “(5) OTHER INVESTMENT.—The extent of other  
8           public or private investment in the investment area.

9           “(6) INTEGRATED STRATEGY.—The extent to  
10          which the project is a part of an ongoing effort to  
11          implement an integrated strategy to facilitate invest-  
12          ment and development in the investment area.

13          “(7) COMMUNITY PARTICIPATION.—The extent  
14          to which the planning process for the project in-  
15          cludes the active participation of investment area  
16          residents.

17          “(h) FINANCIAL VIABILITY CRITERIA.—The Sec-  
18          retary shall not provide assistance for any project that  
19          does not meet financial viability criteria established by the  
20          Secretary.

21          “(i) LEVERAGE REQUIREMENTS.—Notwithstanding  
22          section 105(a)(9), assistance provided under this section  
23          shall be leveraged with financing from sources other than  
24          the Federal Government on the basis of \$2 of non-Federal  
25          funds for each \$1 of assistance provided under this sec-

1 tion, of which not less than \$1 of the non-Federal funds  
2 leveraged shall be from sources other than a State or local  
3 government.

4 “(j) LIMITATIONS.—The Secretary shall—

5 “(1) not make assistance available in amounts  
6 less than \$250,000 or greater than \$5,000,000;

7 “(2) establish a limit on the number of applica-  
8 tions that may be submitted and the aggregate  
9 amount of funds that can be awarded within a unit  
10 of general local government during a specified period  
11 of time; and

12 “(3) establish criteria to evaluate the financial  
13 viability, economic impact, and cost reasonableness  
14 of a proposed activity provided that assistance not  
15 be limited to activities for which other forms of as-  
16 sistance are not available or could not be accom-  
17 plished but for that assistance.

18 “(k) DISSEMINATION OF INFORMATION.—The Sec-  
19 retary shall require each grantee to produce a report in  
20 the form of a case study. The Secretary shall select the  
21 most instructive case studies, including successful and un-  
22 successful projects, assemble them into a package, and  
23 make the package available to all grantees and possible  
24 grantees under this section.

25 “(l) RECORDS AND REPORTS.—

1 “(1) RECORDS.—

2 “(A) IN GENERAL.—Each recipient of as-  
3 sistance under this section shall keep such  
4 records as may be reasonably necessary to dis-  
5 close the amounts and disposition of assistance  
6 received under this section to ensure compliance  
7 with the purposes of this section.

8 “(B) AUDITS AND EXAMINATIONS.—The  
9 Secretary and Comptroller General of the  
10 United States shall have access for the purpose  
11 of audit and examination to any books, docu-  
12 ments, papers, and records of the recipient that  
13 are necessary to determine compliance with the  
14 purposes of this section.

15 “(2) REPORTS.—Each recipient of assistance  
16 under this section shall submit to the Secretary an  
17 annual report to the Secretary describing—

18 “(A) the uses of funds made available  
19 under this subsection; and

20 “(B) the impact of such funds in achieving  
21 the purposes of this section.

22 “(m) DEFINITIONS.—For purposes of this section,  
23 the following definitions shall apply:

24 “(1) SECRETARY.—The term ‘Secretary’ means  
25 the Secretary of Housing and Urban Development.

1           “(2) STATE.—The term ‘State’ has the same  
2 meaning as in section 102.

3           “(3) UNIT OF GENERAL LOCAL GOVERN-  
4 MENT.—The term ‘unit of general local government’  
5 has the same meaning as in section 102.

6           “(4) INDIAN TRIBE.—The term ‘Indian tribe’  
7 has the same meaning as in section 102.

8           “(5) COMMUNITY-BASED DEVELOPMENT ORGA-  
9 NIZATION.—The term ‘community-based develop-  
10 ment organization’ means a private, locally or re-  
11 gionally initiated, nonprofit entity, governed by a  
12 board consisting of residents, business people, and  
13 civic leaders from the locality or region, which has  
14 a record of implementing community and economic  
15 development projects or whose articles of incorpora-  
16 tion or bylaws indicate an organizational focus on  
17 community and economic development.

18           “(6) COMMUNITY DEVELOPMENT FINANCIAL IN-  
19 STITUTION.—The term ‘community development fi-  
20 nancial institution’ has the same meaning as in sec-  
21 tion 103(3) of the Community Development Finan-  
22 cial Institutions Act of 1994.

23           “(n) AUTHORIZATION.—There are authorized to be  
24 appropriated for purposes of this section, \$300,000,000  
25 for fiscal year 1995, and \$300,000,000 for fiscal year

1 1996. Of any amounts appropriated under this section, the  
2 Secretary shall provide assistance of not more than 40  
3 percent of the total amounts appropriated under this title  
4 to Enterprise Communities and Empowerment Zones. Any  
5 amounts appropriated shall remain available until ex-  
6 pended.”.

7 **SEC. 702. COLONIAS ASSISTANCE GRANTS.**

8 (a) PROGRAM AUTHORIZATION.—The Secretary may  
9 make grants in accordance with the provisions of this sec-  
10 tion for use in addressing the community development and  
11 housing needs of colonias.

12 (b) FUNDING SET-ASIDE.—

13 (1) IN GENERAL.—Of amounts allocated under  
14 subsection (h) the Secretary shall set aside a target  
15 amount for grants under this section for use in  
16 colonias in each State. The Secretary shall deter-  
17 mine the amount to be set aside, based on such ob-  
18 jective factors of need as the Secretary deems appro-  
19 priate, which may include rates of poverty in, and  
20 the population of, colonias. The Secretary shall re-  
21 allocate any amounts set aside under this paragraph  
22 for which the Secretary determines there will not be  
23 a sufficient number of eligible applications in a fiscal  
24 year.

1           (2) USE OF FUNDS.—Any amount not set aside  
2           or reallocated under paragraph (1) may be used in  
3           colonias in any State.

4           (c) ELIGIBLE ENTITIES.—The Secretary may make  
5           grants in accordance with subsection (d) to—

6                 (1) units of general local government;

7                 (2) States;

8                 (3) nonprofit organizations; and

9                 (4) entities or instrumentalities established  
10           under the authority of any of the entities described  
11           in paragraph (1), (2), or (3).

12           (d) SELECTION OF GRANTEES.—

13                 (1) IN GENERAL.—The Secretary shall select  
14           grantees under this section from among the entities  
15           described in subsection (c) on the basis of a competi-  
16           tion, following publication of a notice of funding  
17           availability in the Federal Register.

18                 (2) SELECTION CRITERIA.—In selecting  
19           projects for grants under this section, the Secretary  
20           shall consider—

21                         (A) the extent of need in the colonia;

22                         (B) the likely effectiveness of the proposed  
23           approach in addressing identified needs;

1           (C) the extent to which funding for the  
2           project is committed from sources other than  
3           under this section;

4           (D) the extent to which the application  
5           represents an innovative approach to addressing  
6           the needs of colonias; and

7           (E) such other factors as the Secretary  
8           deems appropriate to carry out the objectives of  
9           this section.

10       (e) ELIGIBLE ACTIVITIES.—A grant made under this  
11       section may be used to carry out one or more of the follow-  
12       ing activities:

13           (1) CERTAIN OTHER ELIGIBLE ACTIVITIES.—  
14       Any activity eligible under section 105 of the Hous-  
15       ing and Community Development Act of 1974 or  
16       section 212(a) of the HOME Investment Partner-  
17       ships Act.

18           (2) REFINANCING.—Refinancing the existing  
19       debt of homeowners to convert existing ownership  
20       regimes into mortgages.

21           (3) NEW CONSTRUCTION.—The construction of  
22       new housing, including self-help, energy-efficient,  
23       and innovative housing design initiatives.

1           (4) REPLATTING AND REDEVELOPMENT.—The  
2 replatting and redevelopment of existing subdivi-  
3 sions.

4           (5) INFRASTRUCTURE.—The planning for, and  
5 construction of, infrastructure necessary for the de-  
6 velopment of housing, economic development, and  
7 community facilities.

8           (6) OTHER ACTIVITIES.—Such other activities  
9 as the Secretary deems appropriate to further the  
10 purposes of this section.

11       (f) RECORDS, REPORTS, AND AUDITS.—

12           (1) KEEPING OF RECORDS.—Each grantee  
13 under this section shall keep such records as may be  
14 reasonably necessary to disclose the amounts and  
15 the disposition of grant amounts received under this  
16 section and to ensure compliance with the require-  
17 ments of this section.

18           (2) GRANTEE REPORTS.—Each grantee under  
19 this section shall submit to the Secretary a report,  
20 or series of reports, in a form and at a time speci-  
21 fied by the Secretary. Each report shall—

22               (A) describe the use of funds made avail-  
23 able under this section; and

1 (B) analyze the effect of assisted activities  
2 in addressing the community development and  
3 housing needs of the residents of colonias.

4 (3) ACCESS TO DOCUMENTS BY THE SEC-  
5 RETARY.—For the purpose of audit and examina-  
6 tion, the Secretary shall have access to any books,  
7 documents, papers, and records of each grantee  
8 under this section that are pertinent to assistance  
9 received under this section.

10 (4) ACCESS TO DOCUMENTS BY THE COMP-  
11 TROLLER GENERAL.—The Comptroller General of  
12 the United States, or any of the duly authorized rep-  
13 resentatives of the Comptroller General, shall have  
14 access to the purpose of audit and examination to  
15 any books, documents, papers, and records of each  
16 grantee under this section that are pertinent to as-  
17 sistance received under, and the requirements of,  
18 this section.

19 (g) DEFINITIONS.—For purposes of this section, the  
20 following definitions shall apply:

21 (1) COLONIA.—The term “colonia” has the  
22 same meaning as in section 916(e) of the Cranston-  
23 Gonzalez National Affordable Housing Act.

24 (2) METROPOLITAN AREA.—The term “metro-  
25 politan area” has the same meaning as in section

1 102(a)(3) of the Housing and Community Develop-  
2 ment Act of 1974.

3 (3) NONPROFIT ORGANIZATION.—The term  
4 “nonprofit organization” means—

5 (A) an organization—

6 (i) that is described in section 501(c)  
7 of the Internal Revenue Code of 1986; and

8 (ii) that is exempt from taxation  
9 under section 501(a) of such Code; or

10 (B) an organization—

11 (i) no part of the net earnings of  
12 which inures to the benefit of any member,  
13 founder, contributor, or individual;

14 (ii) that, in the case of a private non-  
15 profit organization, has a voluntary board;

16 (iii) that has an accounting system, or  
17 has designated a fiscal agent in accordance  
18 with requirements established by the Sec-  
19 retary; and

20 (iv) that practices nondiscrimination  
21 in the provision of assistance.

22 (4) STATE.—The term “State” means the  
23 States of California, Arizona, New Mexico, and  
24 Texas.

25 (5) UNIT OF GENERAL LOCAL GOVERNMENT.—

1 (A) IN GENERAL.—The term “unit of gen-  
2 eral local government” means—

3 (i) a city, town, township, county, par-  
4 ish, village, or other general purpose politi-  
5 cal subdivision of a State; and

6 (ii) any agency or instrumentality  
7 thereof that is established pursuant to leg-  
8 islation and designated by the chief execu-  
9 tive to act on behalf of the jurisdiction  
10 with regard to provisions of this section.

11 (B) CONSORTIA INCLUDED.—The term in-  
12 cludes a consortium of geographically contig-  
13 uous units of general local government, if the  
14 Secretary determines that the consortium—

15 (i) has sufficient authority and admin-  
16 istrative capability to carry out the pur-  
17 poses of this section on behalf of its mem-  
18 ber jurisdictions; and

19 (ii) meets such other requirements as  
20 the Secretary may prescribe.

21 (6) UNITED STATES-MEXICO BORDER RE-  
22 GION.—The term “United States-Mexico Border Re-  
23 gion” has the same meaning as in section 916(e)(4)  
24 of the Cranston-Gonzalez National Affordable Hous-  
25 ing Act.

1 (h) FUNDING AUTHORIZATION.—There are author-  
 2 ized to be appropriated to carry out this section  
 3 \$50,000,000 for each of fiscal years 1995 and 1996.  
 4 Amounts appropriated shall remain available until ex-  
 5 pended.

6 **SEC. 703. EXTENSION OF COLONIA PROGRAM UNDER SEC-**  
 7 **TION 916 OF THE CRANSTON-GONZALEZ NA-**  
 8 **TIONAL AFFORDABLE HOUSING ACT.**

9 Section 916(f) of the Cranston-Gonzalez National Af-  
 10 fordable Housing Act (42 U.S.C. 5306 note) is amended  
 11 by striking “1991” and all that follows before the period  
 12 and inserting “1995 and 1996”.

13 **SEC. 704. COMMUNITY DEVELOPMENT BLOCK GRANTS.**

14 (a) COMMUNITY DEVELOPMENT BLOCK GRANTS.—  
 15 Section 103 of the Housing and Community Development  
 16 Act of 1974 (42 U.S.C. 5303) is amended by striking the  
 17 second sentence and inserting the following: “For pur-  
 18 poses of assistance under section 106, there are authorized  
 19 to be appropriated \$4,400,000,000 for fiscal year 1995  
 20 and \$4,532,000,000 for fiscal year 1996.”.

21 (b) LIMITATION ON LOAN GUARANTEES.—Section  
 22 108(a) of the Housing and Community Development Act  
 23 of 1974 (42 U.S.C. 5308(a)) is amended by striking the  
 24 fifth sentence and inserting the following: “Notwithstand-  
 25 ing any other provision of law and subject only to the ab-

1 sence of qualified applicants or proposed activities and to  
 2 the authority provided in this section, to the extent ap-  
 3 proved in appropriation Acts, the Secretary shall enter  
 4 into commitments to guarantee notes and obligations  
 5 under this section with an aggregate principal amount of  
 6 \$2,054,000,000 for fiscal year 1995 and \$2,054,000,000  
 7 for fiscal year 1996.”.

8 (c) SPECIAL PURPOSE GRANTS.—Section 107(a) of  
 9 the Housing and Community Development Act of 1974  
 10 (42 U.S.C. 5307(a)) is amended by striking  
 11 “\$60,000,000” and all that follows through the period at  
 12 the end and inserting the following: “\$50,000,000 shall  
 13 be set aside each year for the following purposes:

14 “(A) \$7,000,000 shall be available in each  
 15 such year for grants under subsection (b)(1);

16 “(B) \$6,500,000 shall be available in each  
 17 such year for grants under subsection (b)(3);

18 “(C) \$15,000,000 shall be available in  
 19 each such year for activities under subsection  
 20 (b)(4);

21 “(D) \$5,000,000 shall be available in each  
 22 such year under subsection (b)(5);

23 “(E) \$7,500,000 shall be available in each  
 24 such year to carry out the Community Outreach  
 25 Partnership Act of 1992 as authorized pursu-

1 ant to section 851 of the Housing and Commu-  
 2 nity Development Act of 1992;

3 “(F) \$3,000,000 shall be available in each  
 4 such year for grants under subsection (c);

5 “(G) such sums as may be necessary shall  
 6 be available in each such year for grants under  
 7 subsection (b)(2); and

8 “(H) \$5,000,000 shall be made available in  
 9 each such year for grants under the John Heinz  
 10 Neighborhood Development Program under sec-  
 11 tion 123 of the Housing and Urban Rural Re-  
 12 covery Act of 1983.”.

13 **SEC. 705. ECONOMIC DEVELOPMENT INITIATIVE.**

14 Section 108(q)(1) of the Housing and Community  
 15 Development Act of 1974 (42 U.S.C. 5308(q)(1)) is  
 16 amended by adding at the end the following new sentence:  
 17 “Of the amounts appropriated under section 123(n) not  
 18 more than 10 percent shall be used to carry out this sub-  
 19 section.”.

20 **SEC. 706. CDBG REALLOCATIONS.**

21 Section 106(c) of the Housing and Community Devel-  
 22 opment Act of 1974 (42 U.S.C. 5306(c)) is amended by  
 23 striking paragraph (4).

1 **SEC. 707. COMMUNITY VIABILITY FUND.**

2 Section 4 of the HUD Demonstration Act of 1993  
3 (42 U.S.C. 9816 note) is amended—

4 (1) in subsection (a), by striking all after “Ini-  
5 tiative” and inserting the following: “and through  
6 intermediary training centers and community and  
7 economic development organizing networks to—

8 “(1) develop the organizational capacity and the  
9 ability of urban and rural community development  
10 corporations, community-based organizations, and  
11 community housing development organizations to  
12 undertake community development, economic devel-  
13 opment, and affordable housing projects and pro-  
14 grams; and

15 “(2) develop the organizational capacity and  
16 technical ability of urban and rural community de-  
17 velopment corporations, community-based organiza-  
18 tions, and community housing development organiza-  
19 tions to establish sustainable and indigenous com-  
20 munity and economic development organizations for  
21 the benefit of low-income individuals.”;

22 (2) by striking subsection (b) and inserting the  
23 following:

24 “(b) FORM OF ASSISTANCE.—Assistance under this  
25 subsection may be used for—

1           “(1) training, technical assistance, capacity  
2           building, and support for existing and new commu-  
3           nity development corporations, community-based or-  
4           ganizations, and community housing development or-  
5           ganizations;

6           “(2) loans, grants, operating assistance, and  
7           predevelopment assistance to community develop-  
8           ment corporations, community-based organizations,  
9           and community housing development organizations  
10          to develop or improve the organizational capacity  
11          and technical ability of such organizations to under-  
12          take sustainable community-based development for  
13          the benefit of low-income people; and

14          “(3) such other activities as may be determined  
15          by the Secretary in consultation with recipients of  
16          assistance under this section.”;

17          (3) by striking subsection (c) and inserting the  
18          following:

19          “(c) MATCHING REQUIREMENT.—Assistance pro-  
20          vided under this section shall be matched with funding  
21          from private sources—

22                 “(1) by intermediary training centers and com-  
23                 munity and economic development organizing net-  
24                 works, in an amount that is not less than the

1 amount of assistance provided under this section;  
 2 and

3 “(2) by the National Community Development  
 4 Initiative, in an amount that is not less than 3 times  
 5 the amount of assistance provided under this sec-  
 6 tion.”; and

7 (4) by striking subsection (e) and inserting the  
 8 following:

9 “(e) DISSEMINATION OF INFORMATION.—The Sec-  
 10 retary shall require recipients of assistance under this sec-  
 11 tion to share information gathered in administering such  
 12 assistance with other grantees and subgrantees under this  
 13 section.

14 “(f) AUTHORIZATION.—There are authorized to be  
 15 appropriated \$40,000,000 for fiscal year 1995, and  
 16 \$40,000,000 for fiscal year 1996 to carry out this sec-  
 17 tion.”.

18 **SEC. 708. COMMUNITY INVESTMENT CORPORATION DEM-**  
 19 **ONSTRATION REAUTHORIZATION.**

20 Section 853(b) of the Housing and Community De-  
 21 velopment Act of 1992 (42 U.S.C. 5305 note) is amend-  
 22 ed—

23 (1) by striking paragraphs (8)(B) and (9)(B);  
 24 and

1           (2) by striking paragraph (7)(D) and inserting  
2           the following:

3                   “(D) AUTHORIZATION.—There are author-  
4           ized to be appropriated to carry out this para-  
5           graph \$42,000,000 for fiscal year 1995 and  
6           \$43,260,000 for fiscal year 1996 to provide  
7           capital assistance to eligible organizations.  
8           Amounts so appropriated shall remain available  
9           until expended.”.

10 **SEC. 709. NATIONAL CITIES IN SCHOOLS PROGRAM.**

11           Section 930(c) of the Housing and Community Devel-  
12           opment Act of 1992 (106 Stat. 3887) is amended to read  
13           as follows:

14                   “(c) AUTHORIZATION.—There are authorized to be  
15           appropriated to carry out this section \$10,000,000 for fis-  
16           cal year 1995 and \$10,000,000 for fiscal year 1996.”.

17 **SEC. 710. COMMUNITY DEVELOPMENT GRANTS FOR MINOR-**

18                   **ITY COMMUNITIES WITH SPECIAL NEEDS**

19                   **DEMONSTRATION.**

20           (a) AUTHORIZATION.—There are hereby authorized  
21           for water infrastructure financing and other wastewater  
22           activities for cities with special needs, not more than  
23           \$25,000,000 for wastewater treatment projects, including  
24           the construction of facilities and related expenses in mi-  
25           nority communities with special needs to—

1           (1) improve the housing stock infrastructure in  
2           the special needs communities; and

3           (2) abate health hazards caused by ground  
4           water contamination for septage in arid areas with  
5           high ground water levels.

6           (b) TREATMENT PROJECTS.—The wastewater treat-  
7           ment projects authorized under this section shall include  
8           innovative technologies such as vacuum systems and con-  
9           structed wetlands.

10          (c) DEFINITIONS.—For purposes of this section—

11           (1) the term “cities with special needs” includes  
12           minority communities with special needs;

13           (2) the term “minority” means an African-  
14           American, a Hispanic-American, an Asian-American,  
15           or a Native American; and

16           (3) the term “minority community with special  
17           needs” means an unincorporated community—

18           (A) that, based on the latest census data,  
19           has a minority population in excess of 50 per-  
20           cent;

21           (B) that has been unable to issue bonds or  
22           otherwise finance a wastewater treatment sys-  
23           tem itself, because its attempt to change its po-  
24           litical subdivision has been rejected by the State  
25           legislature; and

1 (C) for which the State legislature has ap-  
2 propriated funds to help pay for the project.

3 (d) REPORT.—Any community receiving a grant  
4 under this subsection shall report to the Secretary not  
5 later than 1 year after the completion of a wastewater  
6 treatment project on the value of the project or the quality  
7 of the housing stock and the health of the residents of  
8 the community occurring as a result of the project. The  
9 Secretary shall make such recommendations to Congress  
10 as appropriate with regard to the value of wastewater  
11 treatment projects as a component of programs adminis-  
12 tered by the Secretary.

13 **SEC. 711. UDAG RECAPTURES.**

14 (a) IN GENERAL.—Section 119(g) of the Housing  
15 and Community Development Act of 1974 (42 U.S.C.  
16 5318(g)) is amended by striking the second sentence and  
17 inserting the following: “Except as provided in section  
18 232(c) of the Multifamily Housing Property Disposition  
19 Reform Act of 1994, during the 18-month period begin-  
20 ning on the date on which the UDAG Retention Program  
21 authorized by such section expires, the Secretary shall be  
22 prohibited from recapturing, adjusting, withdrawing, or  
23 reducing any UDAG funds from recipients of UDAG  
24 grants. For the duration of the UDAG Retention Pro-  
25 gram, the Secretary shall provide technical assistance to

1 grant recipients to adjust, rework, relocate, refine, rede-  
 2 fine, or otherwise revise the original UDAG project de-  
 3 scription to produce a viable UDAG project in accordance  
 4 with the requirements of this section. The Secretary shall  
 5 not impose regulatory requirements that are not statu-  
 6 torily based, that restrict revision or use of UDAG fund-  
 7 ing.”.

8 (b) EXTENSION OF TIME PERIOD.—Section 119(t) of  
 9 the Housing and Community Development Act of 1974  
 10 (42 U.S.C. 5318(t)) is amended by striking “90 days”  
 11 each place it appears and inserting “21 months”.

12 (c) WAIVER OF INTEGRAL RELATION REQUIRE-  
 13 MENT.—Notwithstanding any other provision of law, the  
 14 requirement that an amendment to an urban development  
 15 action grant agreement must be integrally related to the  
 16 approved project is hereby waived for project numbers  
 17 B87AA360540 and B87AA360521.

18 **SEC. 712. STATE AGENCIES AS SURETIES.**

19 Section 9304 of title 31, United States Code, is  
 20 amended by adding at the end the following new sub-  
 21 section:

22 “(c) STATE AGENCIES.—A State agency, including  
 23 any financing authority established by any State, which  
 24 meets the requirements of paragraphs (2) and (3) of sub-

1 section (a) may be treated as a surety corporation for pur-  
 2 poses of this chapter.”.

3 **SEC. 713. CONFORMING AMENDMENTS RELATED TO**  
 4 **EMPOWERMENT ZONES AND ENTERPRISE**  
 5 **COMMUNITIES.**

6 (a) CDBG ELIGIBLE ACTIVITIES.—Section  
 7 105(a)(13) of the Housing and Community Development  
 8 Act of 1974 (42 U.S.C. 5305(a)(13)) is amended by strik-  
 9 ing “federally approved enterprise zones” and inserting  
 10 “empowerment zones and enterprise communities des-  
 11 ignated pursuant to section 1391 of the Internal Revenue  
 12 Code of 1986”.

13 (b) CDBG EMPLOYMENT PRESUMPTION.—Section  
 14 105(c)(4)(A) of the Housing and Community Develop-  
 15 ment Act of 1974 (42 U.S.C. 5305(c)(4)(A)) is amend-  
 16 ed—

17 (1) by striking “Federal enterprise zone”; and

18 (2) by inserting “for empowerment zones and  
 19 enterprise communities designated pursuant to sec-  
 20 tion 1391 of the Internal Revenue Code of 1986”  
 21 after “criteria”.

22 **SEC. 714. STUDY OF USE OF CDBG AS A MATCH FOR OTHER**  
 23 **FEDERAL PROGRAMS.**

24 Not later than January 31, 1995, the Secretary shall  
 25 submit a report to the Committee on Banking, Housing,

1 and Urban Affairs of the Senate and the Committee on  
 2 Banking, Finance and Urban Affairs of the House of Rep-  
 3 resentatives describing the use of community development  
 4 block grant funds, provided pursuant to title I of the  
 5 Housing and Community Development Act of 1974, to  
 6 meet the matching requirements in other Federal pro-  
 7 grams. The report shall identify those Federal programs  
 8 for which community development block grant funds qual-  
 9 ify as a match and provide an analysis of the extent to  
 10 which such funds are used as a match.

11 **TITLE VIII—NONJUDICIAL FORE-**  
 12 **CLOSURE OF DEFAULTED**  
 13 **SINGLE FAMILY MORTGAGES**

14 **SEC. 801. SHORT TITLE.**

15 This title may be cited as the “Single Family Mort-  
 16 gage Foreclosure Act of 1994”.

17 **SEC. 802. FINDINGS AND PURPOSE.**

18 (a) FINDINGS.—The Congress finds that—

19 (1) the disparate State laws under which mort-  
 20 gages are foreclosed on behalf of the Secretary cov-  
 21 ering 1- to 4-family residential properties—

22 (A) burden certain programs administered  
 23 by the Secretary;

24 (B) increase the costs of collecting obliga-  
 25 tions; and

1 (C) generally are a detriment to the com-  
2 munity in which the properties are located;

3 (2) the long periods required to complete the  
4 foreclosure of such mortgages under certain State  
5 laws—

6 (A) lead to deterioration in the condition of  
7 the properties involved;

8 (B) necessitate substantial Federal holding  
9 expenditures;

10 (C) increase the risk of vandalism, fire  
11 loss, depreciation, damage, and waste with re-  
12 spect to the properties; and

13 (D) adversely affect the neighborhoods in  
14 which the properties are located;

15 (3) these conditions seriously impair the ability  
16 of the Secretary to protect the Federal financial in-  
17 terest in the affected properties and frustrate attain-  
18 ment of the objectives of the underlying Federal pro-  
19 gram authority;

20 (4) the availability of uniform and more expedi-  
21 tious procedures, with no right of redemption in the  
22 mortgagor or others, for the foreclosure of these  
23 mortgages by the Secretary will tend to ameliorate  
24 these conditions; and

1           (5) providing the Secretary with a nonjudicial  
2       foreclosure procedure will reduce unnecessary litigation  
3       by removing many foreclosures from the courts  
4       if they contribute to overcrowded calendars.

5       (b) PURPOSE.—The purpose of this title is to create  
6       a uniform Federal foreclosure remedy for single family  
7       mortgages that—

8           (1) are held by the Secretary pursuant to title  
9       I or title II of the National Housing Act; or

10          (2) secure loans obligated by the Secretary  
11       under section 312 of the Housing Act of 1964.

12   **SEC. 803. DEFINITIONS.**

13       For purposes of this title, the following definitions  
14       shall apply:

15          (1) BONA FIDE PURCHASER.—The term “bona  
16       fide purchaser” means a purchaser for value in good  
17       faith and without notice of any adverse claim, and  
18       who acquires the security property free of any adverse  
19       claim.

20          (2) COUNTY.—The term “county” has the same  
21       meaning as in section 2 of title 1, United States  
22       Code.

23          (3) MORTGAGE.—The term “mortgage” means  
24       a deed of trust, mortgage, deed to secure debt, security  
25       agreement, or any other form of instrument

1       under which any property (real, personal or mixed),  
2       or any interest in property (including leaseholds, life  
3       estates, reversionary interests, and any other estates  
4       under applicable State law), is conveyed in trust,  
5       mortgaged, encumbered, pledged, or otherwise ren-  
6       dered subject to a lien for the purpose of securing  
7       the payment of money or the performance of an obli-  
8       gation.

9           (4) MORTGAGE AGREEMENT.—The term “mort-  
10       gage agreement” means the note or debt instrument  
11       and the mortgage instrument, deed of trust instru-  
12       ment, trust deed, or instrument or instruments cre-  
13       ating the mortgage, including any instrument incor-  
14       porated by reference therein and any instrument or  
15       agreement amending or modifying any of the fore-  
16       going.

17          (5) MORTGAGOR.—The term “mortgagor”  
18       means the obligor, grantor, or trustee named in the  
19       mortgage agreement and, unless the context other-  
20       wise indicates, includes the current owner of record  
21       of the security property whether or not such owner  
22       is personally liable on the mortgage debt.

23          (6) OWNER.—The term “owner” means any  
24       person who has an ownership interest in property  
25       and includes heirs, devisees, executors, administra-

1       tors, and other personal representatives, and trust-  
2       ees of testamentary trusts if the owner of record is  
3       deceased.

4           (7) PERSON.—The term “person” includes any  
5       individual, group of individuals, association, partner-  
6       ship, corporation, or organization.

7           (8) RECORD; RECORDED.—The terms “record”  
8       and “recorded” include “register” and “registered”  
9       in the instance of registered land.

10          (9) SECURITY PROPERTY.—The term “security  
11       property” means the property (real, personal or  
12       mixed) or an interest in property (including lease-  
13       holds, life estates, reversionary interests, and any  
14       other estates under applicable State law), together  
15       with fixtures and other interests subject to the lien  
16       of the mortgage under applicable State law.

17          (10) SINGLE FAMILY MORTGAGE.—The term  
18       “single family mortgage” means a mortgage that  
19       covers property on which there is located a 1- to 4-  
20       family residence, and that—

21               (A) is held by the Secretary pursuant to  
22               title I or title II of the National Housing Act;  
23               or

24               (B) secures a loan obligated by the Sec-  
25               retary under section 312 of the Housing Act of

1           1964, as it existed before the repeal of that sec-  
2           tion by section 289 of the Cranston-Gonzalez  
3           National Affordable Housing Act (except that a  
4           mortgage securing such a loan that covers prop-  
5           erty containing nonresidential space and a 1- to  
6           4-family dwelling shall not be subject to this  
7           title).

8           (11) STATE.—The term “State” means—

9                   (A) the several States;

10                  (B) the District of Columbia;

11                  (C) the Commonwealth of Puerto Rico;

12                  (D) the United States Virgin Islands;

13                  (E) Guam;

14                  (F) American Samoa;

15                  (G) the Northern Mariana Islands;

16                  (H) the Trust Territory of the Pacific Is-  
17           lands; and

18                  (I) Indian tribes, as defined by the Sec-  
19           retary.

20   **SEC. 804. APPLICABILITY.**

21           Single family mortgages encumbering real estate lo-  
22   cated in any State may be foreclosed by the Secretary in  
23   accordance with this title, or pursuant to other foreclosure  
24   procedures available, at the option of the Secretary.

1 **SEC. 805. DESIGNATION OF FORECLOSURE COMMISSIONER.**

2 (a) IN GENERAL.—The Secretary may designate a  
3 person or persons to serve as a foreclosure commissioner  
4 or commissioners for the purpose of foreclosing upon a  
5 single family mortgage.

6 (b) POWER OF SALE.—A foreclosure commissioner  
7 designated under this section shall have a nonjudicial  
8 power of sale.

9 (c) QUALIFICATIONS.—The foreclosure commis-  
10 sioner, if a natural person, shall be a resident of the State  
11 in which the security property is located and, if not a natu-  
12 ral person, the foreclosure commissioner must be duly au-  
13 thorized to transact business under laws of the State in  
14 which the security property is located. No person shall be  
15 designated as a foreclosure commissioner unless that per-  
16 son is responsible, financially sound, and competent to  
17 conduct a foreclosure.

18 (d) DESIGNATION PROCEDURE.—

19 (1) WRITTEN DESIGNATION.—The Secretary  
20 may designate a foreclosure commissioner by execut-  
21 ing a written designation stating the name and busi-  
22 ness or residential address of the commissioner, ex-  
23 cept that if a person is designated in his or her ca-  
24 pacity as an official or employee of a government or  
25 corporate entity, such person may be designated by

1 his or her unique title or position instead of by  
2 name.

3 (2) SUBSTITUTE COMMISSIONERS.—The Sec-  
4 retary may, with or without cause, designate a sub-  
5 stitute foreclosure commissioner to replace a pre-  
6 viously designated foreclosure commissioner.

7 (3) NUMBER.—More than 1 foreclosure com-  
8 missioner may be designated at any time.

9 **SEC. 806. PREREQUISITES TO FORECLOSURE.**

10 (a) IN GENERAL.—

11 (1) UPON BREACH OF COVENANT OR CONDI-  
12 TION.—The Secretary is authorized to foreclose a  
13 mortgage under this title upon the breach of a cov-  
14 enant or condition in the mortgage agreement.

15 (2) NO OTHER PENDING PROCEEDINGS.—

16 (A) PRIOR TO COMMENCEMENT.—No fore-  
17 closure may be commenced under this title un-  
18 less any previously pending judicial or  
19 nonjudicial proceeding that has been separately  
20 instituted by the Secretary to foreclose the  
21 mortgage (other than under this title), has been  
22 withdrawn, dismissed, or otherwise terminated.

23 (B) AFTER COMMENCEMENT.—No sepa-  
24 rately instituted foreclosure proceeding on a  
25 mortgage which is the subject of a foreclosure

1 proceeding under this title shall be instituted by  
2 the Secretary during the pendency of fore-  
3 closure pursuant to this title.

4 (b) OTHER RIGHTS UNAFFECTED.—Nothing in this  
5 title shall preclude the Secretary from—

6 (1) enforcing any right, other than foreclosure,  
7 under applicable Federal or State law, including any  
8 right to obtain a monetary judgment; or

9 (2) foreclosing under this title if the Secretary  
10 has obtained or is seeking any other remedy avail-  
11 able pursuant to Federal or State law, or under the  
12 mortgage agreement, including the appointment of a  
13 receiver, mortgagee-in-possession status, or relief  
14 under an assignment of rents.

15 **SEC. 807. COMMENCEMENT OF FORECLOSURE.**

16 (a) REQUEST TO FORECLOSURE COMMISSIONER.—If  
17 the Secretary, as holder of a single family mortgage, deter-  
18 mines that the prerequisites to foreclosure set forth in sec-  
19 tion 806 are satisfied, the Secretary may request the fore-  
20 closure commissioner to commence foreclosure of a single  
21 family mortgage. Upon such request, the foreclosure com-  
22 missioner shall commence foreclosure of the mortgage, by  
23 commencing service of a notice of default and foreclosure  
24 sale in accordance with sections 808 and 809.

1       (b) DESIGNATION OF SUBSTITUTE FORECLOSURE  
2 COMMISSIONER.—After commencement of a foreclosure  
3 under this title, the Secretary may designate a substitute  
4 foreclosure commissioner at any time before the time of  
5 the foreclosure sale, and the foreclosure shall continue  
6 without prejudice, unless the substitute commissioner, in  
7 that commissioner's sole discretion, finds that continu-  
8 ation of the foreclosure sale will unfairly affect the inter-  
9 ests of the mortgagor. If the substitute commissioner  
10 makes such a finding, the substitute commissioner shall  
11 cancel the foreclosure sale, or adjourn such sale in accord-  
12 ance with section 811(c).

13       (c) WRITTEN NOTICE.—Upon designation of a sub-  
14 stitute foreclosure commissioner, a copy of the written no-  
15 tice of such designation described in section 805 shall be  
16 served—

17           (1) by mail, as provided in section 809 (except  
18       that the minimum time periods between mailing and  
19       the date of foreclosure sale prescribed in such sec-  
20       tion shall not apply); or

21           (2) in any other manner which, in the sub-  
22       stitute commissioner's sole discretion, is conducive to  
23       achieving timely notice of such substitution.

1 **SEC. 808. NOTICE OF DEFAULT AND FORECLOSURE SALE.**

2 The notice of default and foreclosure sale to be served  
3 in accordance with this title shall set forth—

4 (1) the name and address of the foreclosure  
5 commissioner;

6 (2) the date on which the notice is issued;

7 (3) the names of—

8 (A) the Secretary;

9 (B) the original mortgagee (if other than  
10 the Secretary); and

11 (C) the original mortgagor;

12 (4) the street address or a description of the lo-  
13 cation of the security property, and a description of  
14 the security property, sufficient to identify the prop-  
15 erty to be sold;

16 (5) the date of the mortgage, the office in  
17 which the mortgage is recorded, and the liber num-  
18 ber and folio or other appropriate description of the  
19 location of recordation of the mortgage;

20 (6) identification of the failure to make pay-  
21 ment, including the due date of the earliest install-  
22 ment payment remaining wholly unpaid as of the  
23 date on which the notice is issued upon which the  
24 foreclosure is based, or a description of any other  
25 default or defaults upon which foreclosure is based,  
26 and the acceleration of the secured indebtedness;

1           (7) the date, time, and location of the fore-  
2       closure sale;

3           (8) a statement that the foreclosure is being  
4       conducted pursuant to this title;

5           (9) a description of the types of costs, if any,  
6       to be paid by the purchaser upon transfer of title;

7           (10) the amount and method of deposit to be  
8       required at the foreclosure sale (except that no de-  
9       posit shall be required of the Secretary) and the  
10      time and method of payment of the balance of the  
11      foreclosure purchase price; and

12          (11) any other appropriate terms of sale or in-  
13      formation, as the Secretary may determine.

14   **SEC. 809. SERVICE OF NOTICE OF FORECLOSURE SALE.**

15      The foreclosure commissioner shall serve the notice  
16   of default and foreclosure sale described in section 808  
17   upon the following persons and in the following manner,  
18   and no additional notice shall be required to be served,  
19   notwithstanding any notice requirements of any State or  
20   local law:

21          (1) **TIMING.**—Not less than 21 days before the  
22      date of the foreclosure sale, the notice of default and  
23      foreclosure sale shall be filed in the manner author-  
24      ized for filing a notice of an action concerning real  
25      property according to the law of the State in which

1 the security property is located or, if none, in the  
2 manner authorized by section 3201 of title 28, Unit-  
3 ed States Code.

4 (2) NOTICE BY MAIL.—

5 (A) IN GENERAL.—The notice of fore-  
6 closure sale shall be sent by certified or reg-  
7 istered mail, postage prepaid and return receipt  
8 requested, to the following:

9 (i) CURRENT OWNER.—The current  
10 security property owner of record, as the  
11 record existed 45 days before the date  
12 originally set for the foreclosure sale  
13 (whether or not the notice describes a sale  
14 adjourned).

15 (ii) MORTGAGORS.—All mortgagors of  
16 record or other persons who appear on the  
17 basis of the record to be liable for part or  
18 all of the mortgage debt, as the record ex-  
19 isted 45 days before the date originally set  
20 for the foreclosure sale (whether or not the  
21 notice describes a sale adjourned).

22 (iii) DWELLING UNITS.—All dwelling  
23 units in the security property (whether or  
24 not the notice describes a sale adjourned).

1 (iv) OTHER LIENHOLDERS.—All per-  
2 sons holding liens of record upon the secu-  
3 rity property, as the record existed 45 days  
4 before the date originally set for the fore-  
5 closure sale (whether or not the notice de-  
6 scribes a sale adjourned).

7 (B) TIMING.—

8 (i) NOTICE UNDER CLAUSES (i) AND  
9 (ii).—Notice under clauses (i) and (ii) of  
10 subparagraph (A) shall be mailed not less  
11 than 21 days before the date of the fore-  
12 closure sale, and shall be mailed to the  
13 current owner and mortgagor at the last  
14 known address of the current owner and  
15 mortgagor, or, if none, to the address of  
16 the security property, or, at the discretion  
17 of the foreclosure commissioner, to any  
18 other address believed to be that of such  
19 current owner and mortgagor.

20 (ii) NOTICE UNDER CLAUSE (iii).—  
21 Notice under clause (iii) of subparagraph  
22 (A) shall be mailed not less than 21 days  
23 before the date of the foreclosure sale. If  
24 the names of the occupants of the security  
25 property are not known to the Secretary,

1 or the security property has more than 1  
2 dwelling, the notice shall be posted at the  
3 security property not less than 21 days be-  
4 fore the foreclosure sale.

5 (iii) NOTICE UNDER CLAUSE (iv).—  
6 Notice under clause (iv) of subparagraph  
7 (A) shall be mailed not less than 21 days  
8 before the date of the foreclosure sale, and  
9 shall be mailed to each such lienholder's  
10 address of record or, at the discretion of  
11 the foreclosure commissioner, to any other  
12 address believed to be that of such  
13 lienholder.

14 (C) EFFECTIVENESS OF NOTICE.—Notice  
15 by mail pursuant to this section or section  
16 807(c) shall be deemed duly given upon mail-  
17 ing, whether or not received by the addressee  
18 and whether or not a return receipt is received  
19 or the notice is returned.

20 (3) PUBLICATION.—

21 (A) IN GENERAL.—A copy of the notice of  
22 default and foreclosure sale shall be published  
23 once a week during 3 successive calendar weeks  
24 before the date of the foreclosure sale. Such  
25 publication shall be in a newspaper or news-

1 papers having general circulation in the county  
2 or counties in which the security property being  
3 sold is located. To the extent practicable, the  
4 newspaper or newspapers chosen shall be a  
5 newspaper or newspapers having circulation  
6 conducive to achieving notice of foreclosure by  
7 publication. A legal newspaper that is accepted  
8 as a newspaper of legal record in the county or  
9 counties in which the security property being  
10 sold is located shall be considered a newspaper  
11 having general circulation for the purposes of  
12 this paragraph.

13 (B) EXCEPTION.—If there is no newspaper  
14 published at least weekly which has a general  
15 circulation in one of the counties in which the  
16 security property being sold is located, copies of  
17 the notice of default and foreclosure sale shall  
18 be posted not less than 21 days before the date  
19 of the foreclosure sale—

20 (i) at the courthouse of any county or  
21 counties in which the security property is  
22 located; and

23 (ii) at the place where the sale is to  
24 be held.

1 **SEC. 810. PRESALE REINSTATEMENT.**

2 (a) WITHDRAWAL AND CANCELLATION.—

3 (1) IN GENERAL.—Except as provided in sec-  
4 tions 807(b) and 811(c), the foreclosure commis-  
5 sioner shall withdraw the security property from  
6 foreclosure and cancel the foreclosure sale only if—

7 (A) the Secretary directs the foreclosure  
8 commissioner to do so before or at the time of  
9 the sale;

10 (B) the foreclosure commissioner finds,  
11 upon application of the mortgagor not less than  
12 3 days before the date of the sale, that the de-  
13 fault or defaults upon which the foreclosure is  
14 based did not exist at the time of service of the  
15 notice of default and foreclosure sale; or

16 (C)(i) in the case of a foreclosure involving  
17 a monetary default, there is tendered to the  
18 foreclosure commissioner before public auction  
19 is completed the entire amount of principal and  
20 interest which would be due if payments under  
21 the mortgage had not been accelerated;

22 (ii) in the case of a foreclosure involving a  
23 nonmonetary default, the foreclosure commis-  
24 sioner, upon application of the mortgagor be-  
25 fore the date of foreclosure sale, finds that such  
26 default is cured; and

1           (iii) there is tendered to the foreclosure  
2           commissioner before public auction is com-  
3           pleted—

4                   (I) all amounts due under the mort-  
5                   gage agreement (excluding additional  
6                   amounts which would have been due if  
7                   mortgage payments had been accelerated);

8                   (II) all amounts of expenditures se-  
9                   cured by the mortgage; and

10                  (III) all costs of foreclosure incurred  
11                  for which payment from the proceeds of  
12                  foreclosure is provided in section 812.

13           (2) DISCRETIONARY NONCANCELLATION.—The  
14           Secretary may refuse to cancel a foreclosure sale  
15           pursuant to paragraph (1)(C) if the current mortga-  
16           gor or owner of record has, on one or more previous  
17           occasions, caused a foreclosure of the mortgage,  
18           commenced pursuant to this title or otherwise, to be  
19           canceled by curing a default.

20           (b) OPPORTUNITY OF SECRETARY TO DISPUTE  
21           WITHDRAWAL.—Before withdrawing the security property  
22           from foreclosure under subparagraph (B) or (C) of sub-  
23           section (a)(1), the foreclosure commissioner shall afford  
24           the Secretary a reasonable opportunity to demonstrate  
25           why the security property should not be so withdrawn.

1 (c) EFFECT OF CANCELLATION.—

2 (1) MORTGAGE UNAFFECTED.—In any case in  
3 which a foreclosure commenced under this title is  
4 canceled, the mortgage shall continue in effect as  
5 though acceleration had not occurred.

6 (2) COMMENCEMENT OF NEW FORECLOSURE  
7 SALE.—Cancellation of a foreclosure sale under this  
8 title shall have no effect on the commencement of a  
9 subsequent foreclosure proceeding under this title.

10 (d) NOTICE OF CANCELLATION.—The foreclosure  
11 commissioner shall file a notice of cancellation in the same  
12 place and manner provided for filing the notice of default  
13 and foreclosure sale in section 809.

14 **SEC. 811. CONDUCT OF SALE; ADJOURNMENT.**

15 (a) IN GENERAL.—

16 (1) MANNER AND TIME.—A foreclosure sale  
17 pursuant to this title shall be held at public auction  
18 and shall be scheduled to begin between the hours  
19 of 9 o'clock ante meridian and 4 o'clock post merid-  
20 ian local time.

21 (2) LOCATION.—The foreclosure sale shall be  
22 held at a location specified in the notice of default  
23 and foreclosure sale and such location shall be at a  
24 place where foreclosure real estate auctions are cus-  
25 tomarily held in the county or counties in which the

1 property to be sold is located, or at a courthouse  
2 therein, or at or on the property to be sold. Sale of  
3 security property situated in two or more counties  
4 may be held in any 1 of the counties in which any  
5 part of the security property is situated.

6 (3) SALE OF MULTIPLE PROPERTIES.—The  
7 foreclosure commissioner may designate the order in  
8 which multiple security properties are sold.

9 (b) DUTIES OF FORECLOSURE COMMISSIONER.—

10 (1) CONDUCT OF SALE.—

11 (A) IN GENERAL.—The foreclosure com-  
12 missioner shall conduct the foreclosure sale in  
13 accordance with the provisions of this title and  
14 in a manner fair to both the mortgagor and the  
15 Secretary.

16 (B) WRITTEN BIDS.—Written one-price  
17 sealed bids shall be accepted by the foreclosure  
18 commissioner from the Secretary and other per-  
19 sons for entry by announcement by the fore-  
20 closure commissioner at the sale.

21 (C) AUCTIONEER.—The foreclosure com-  
22 missioner may serve as auctioneer, or, in ac-  
23 cordance with regulations of the Secretary, may  
24 employ an auctioneer to be paid from the com-  
25 mission provided for in section 812(5).

1 (2) ELIGIBLE PARTICIPANTS.—

2 (A) IN GENERAL.—The Secretary, and any  
3 other person who has submitted a written one-  
4 price bid, may bid at the foreclosure sale.

5 (B) PROHIBITED PARTICIPANTS.—The  
6 foreclosure commissioner or any relative, related  
7 business entity, or employee of the foreclosure  
8 commissioner or a related business entity shall  
9 not be permitted to bid in any manner on the  
10 security property subject to foreclosure sale, ex-  
11 cept that the foreclosure commissioner or an  
12 auctioneer may be directed by the Secretary to  
13 enter a bid on the Secretary's behalf.

14 (c) ADJOURNMENT OR CANCELLATION OF SALE.—

15 (1) GENERAL AUTHORITY.—The foreclosure  
16 commissioner may, before or at the time of the fore-  
17 closure sale, adjourn or cancel the foreclosure sale if  
18 the commissioner determines, in the commissioner's  
19 discretion, that—

20 (A) circumstances are not conducive to a  
21 sale which is fair to the mortgagor and the Sec-  
22 retary; or

23 (B) additional time is necessary to deter-  
24 mine whether the security property should be

1           withdrawn from foreclosure, as provided in sec-  
2           tion 810.

3           (2) ADJOURNMENT TO SAME OR LATER DAY.—

4           The foreclosure commissioner may adjourn a fore-  
5           closure sale to a later hour the same day by an-  
6           nouncing or posting the new time and place of the  
7           foreclosure sale, or may adjourn the foreclosure sale  
8           for not less than 9 and not more than 31 days, in  
9           which case the commissioner shall serve a notice of  
10          default and foreclosure sale revised to recite the fact  
11          that the foreclosure sale has been adjourned to a  
12          specified date, as well as any other information the  
13          foreclosure commissioner deems appropriate. Such  
14          notice shall be served by publication and mailing in  
15          accordance with section 809, except that publication  
16          may be made on any of 3 separate days before the  
17          revised date of foreclosure sale, and mailing may be  
18          made at any time not less than 7 days before the  
19          date to which the foreclosure sale has been ad-  
20          journed.

21          (d) CASH DEPOSITS.—The foreclosure commissioner  
22          may require a bidder to make a cash deposit in an amount  
23          or percentage set by the foreclosure commissioner and  
24          stated in the notice of foreclosure sale before the bid is  
25          accepted. A successful bidder at the foreclosure sale who

1 fails to comply with the terms of the sale may be required  
2 to forfeit the cash deposit or, at the election of the fore-  
3 closure commissioner after consultation with the Sec-  
4 retary, shall be liable to the Secretary for any costs in-  
5 curred as a result of such failure.

6 (e) PRESUMPTION OF VALIDITY OF SALE.—Any fore-  
7 closure sale held in accordance with this title shall be con-  
8 clusively presumed to have been conducted in a legal, fair,  
9 and reasonable manner. The sale price shall be conclu-  
10 sively presumed to be reasonable and equal to the fair  
11 market value of the property.

12 **SEC. 812. FORECLOSURE COSTS.**

13 The following foreclosure costs shall be paid from the  
14 sale proceeds before satisfaction of any other claim to such  
15 sale proceeds:

16 (1) ADVERTISING AND POSTAGE.—Necessary  
17 advertising costs and postage incurred in giving no-  
18 tice pursuant to sections 809 and 811.

19 (2) MILEAGE.—Mileage (determined by the  
20 most reasonable road distance) for posting notices  
21 and for the foreclosure commissioner's or auc-  
22 tioneer's attendance at the sale, as provided in sec-  
23 tion 1821 of title 28, United States Code.

1           (3) TITLE AND LIEN SEARCH.—Reasonable and  
2           necessary costs incurred in connection with any  
3           search of title and lien records.

4           (4) RECORDATION FEES.—Costs incurred to  
5           record documents.

6           (5) COMMISSION.—A commission for the fore-  
7           closure commissioner (if the foreclosure commis-  
8           sioner is not an employee of the United States) for  
9           the conduct of the foreclosure, to the extent such a  
10          commission is authorized by the Secretary.

11 **SEC. 813. DISPOSITION OF SALE PROCEEDS.**

12          (a) PRIORITY PAYMENTS.—Money realized from a  
13          foreclosure sale shall be made available for obligation and  
14          expenditure in the following order:

15               (1) COSTS OF FORECLOSURE.—To cover the  
16               costs of the foreclosure proceeding described in sec-  
17               tion 812.

18               (2) TAX LIENS.—To pay valid tax liens or as-  
19               sessments if required by the notice of default and  
20               foreclosure sale.

21               (3) PRIOR LIENS.—To pay any liens recorded  
22               before the recording of the mortgage which are re-  
23               quired to be paid in conformity with the terms of  
24               sale in the notice of default and foreclosure sale.

1           (4) SERVICE CHARGES AND ADVANCES.—To  
2       pay service charges and advances for taxes, assess-  
3       ments, and property insurance premiums.

4           (5) INTEREST.—To pay any outstanding inter-  
5       est.

6           (6) PRINCIPAL.—To pay the principal outstand-  
7       ing balance secured by the mortgage (including ex-  
8       penditures for the necessary protection, preservation,  
9       and repair of the security property as authorized  
10      under the mortgage agreement and interest thereon  
11      if provided for in the mortgage agreement).

12          (7) LATE CHARGES OR FEES.—To pay any late  
13      charges or fees.

14      (b) OTHER PAYMENTS.—

15          (1) OTHER LIENHOLDERS AND THE MORTGA-  
16      GOR.—Any surplus of proceeds from a foreclosure  
17      sale, after payment of the items described in sub-  
18      section (a) shall be paid in the following order:

19              (A) First, to holders of liens recorded after  
20              the mortgage in the order of priority under  
21              Federal law or the law of the State in which the  
22              security property is located.

23              (B) Second, to the appropriate mortgagor.

24          (2) DISPUTED CLAIMS.—If the person to whom  
25      such surplus is to be paid cannot be located, or if

1 the surplus available is insufficient to pay all claim-  
2 ants and the claimants cannot agree on the alloca-  
3 tion of the surplus, or if any person claiming an in-  
4 terest in the mortgage proceeds does not agree that  
5 some or all of the sale proceeds should be paid to  
6 a claimant as provided in this section, that part of  
7 the sale proceeds in question may be deposited by  
8 the foreclosure commissioner with an appropriate of-  
9 ficial or court authorized under law to receive dis-  
10 puted funds in such circumstances. If a procedure  
11 for the deposit of disputed funds is not available,  
12 and the foreclosure commissioner files a bill of  
13 interpleader or is sued as a stakeholder to determine  
14 entitlement to such funds, the foreclosure commis-  
15 sioner's necessary costs incurred in taking or de-  
16 fending such action shall be deductible from the dis-  
17 puted funds.

18 **SEC. 814. TRANSFER OF TITLE AND POSSESSION.**

19 (a) DELIVERY OF DEEDS.—The foreclosure commis-  
20 sioner shall, upon delivery of a deed or deeds to the pur-  
21 chaser or purchasers (which shall be without warranty or  
22 covenants to the purchaser or purchasers) obtain the bal-  
23 ance of the purchase price in accordance with the terms  
24 of sale provided in the notice of default and foreclosure  
25 sale. Notwithstanding any State law to the contrary, deliv-

1 ery of a deed by the foreclosure commissioner shall be a  
2 conveyance of the property, and constitute passage of title  
3 to the mortgaged property, and no judicial proceedings  
4 shall be required ancillary or supplementary to the proce-  
5 dures provided in this title to assure the validity of the  
6 conveyance or confirmation of such conveyance.

7       (b) RIGHT OF POSSESSION.—A purchaser at a fore-  
8 closure sale held pursuant to this title shall be entitled  
9 to possession upon passage of title under subsection (a)  
10 to the mortgaged property, subject to any interest or inter-  
11 ests not barred under section 816. Any person remaining  
12 in possession of the mortgaged property after the passage  
13 of title shall be deemed a tenant at sufferance subject to  
14 eviction under local law.

15       (c) DEATH OF PURCHASER.—If a purchaser dies be-  
16 fore execution and delivery of the deed conveying the prop-  
17 erty to the purchaser, the foreclosure commissioner shall  
18 execute and deliver the deed to a representative of the de-  
19 cedent purchaser's estate upon payment of the purchase  
20 price in accordance with the terms of sale. Such delivery  
21 to the representative of the purchaser's estate shall have  
22 the same effect as if accomplished during the lifetime of  
23 the purchaser.

1       (d) BONA FIDE PURCHASER.—The purchaser of  
2 property under this title shall be presumed to be a bona  
3 fide purchaser.

4       (e) NO RIGHT OF REDEMPTION.—

5           (1) IN GENERAL.—There shall be no right of  
6 redemption, or right of possession based upon a  
7 right of redemption, in the mortgagor or others sub-  
8 sequent to a foreclosure completed pursuant to this  
9 title.

10          (2) CERTAIN PROVISIONS.—Section 204(l) of  
11 the National Housing Act and section 701 of the  
12 Department of Housing and Urban Development  
13 Reform Act of 1989 shall not apply to mortgages  
14 foreclosed under this title.

15       (f) TAXES.—When a mortgage foreclosed pursuant to  
16 this title is conveyed to the Secretary, no tax shall be im-  
17 posed or collected with respect to the foreclosure commis-  
18 sioner's deed (including any tax customarily imposed upon  
19 the deed instrument or upon the conveyance or transfer  
20 of title to the property). Failure to collect or pay a tax  
21 of the type and under the circumstances stated in the pre-  
22 ceding sentence shall not be grounds for refusing to record  
23 such a deed, for failing to recognize such recordation as  
24 imparting notice, or for denying the enforcement of such  
25 a deed and its provisions in any State or Federal court.

1 **SEC. 815. RECORD OF FORECLOSURE AND SALE.**

2 (a) STATEMENTS INCLUDED.—To establish a suffi-  
3 cient record of foreclosure and sale, the foreclosure com-  
4 missioner shall include in the recitals of the deed to the  
5 purchaser, or prepare as an affidavit or addendum to the  
6 deed, a statement setting forth—

7 (1) the date, time, and place of the foreclosure  
8 sale;

9 (2) that the mortgage was held by the Sec-  
10 retary, the date of the mortgage, the office in which  
11 the mortgage was recorded, and the liber number  
12 and folio or other appropriate description of the rec-  
13 ordation of the mortgage;

14 (3) the particulars of the foreclosure commis-  
15 sioner's service of the notice of default and fore-  
16 closure sale in accordance with sections 809 and  
17 811;

18 (4) the date and place of filing the notice of de-  
19 fault and foreclosure sale;

20 (5) that the foreclosure was conducted in ac-  
21 cordance with the provisions of this title and with  
22 the terms of the notice of default and foreclosure  
23 sale; and

24 (6) the sale amount.

25 (b) EFFECT OF STATEMENTS.—The items set forth  
26 in subsection (a) shall—

1           (1) be prima facie evidence of the truth of such  
2 facts in any Federal or State court; and

3           (2) evidence a conclusive presumption in favor  
4 of bona fide purchasers and encumbrancers for value  
5 without notice.

6 Encumbrancers for value include liens placed by lenders  
7 who provide the purchaser with purchase money in ex-  
8 change for a security interest in the newly-conveyed prop-  
9 erty.

10       (c) RECORDATION OF INSTRUMENTS.—The deed exe-  
11 cuted by the foreclosure commissioner, the foreclosure  
12 commissioner's affidavit (if prepared) and any other in-  
13 struments submitted for recordation in relation to the  
14 foreclosure of the security property under this title shall  
15 be accepted for recordation by the registrar of deeds or  
16 other appropriate official of the county or counties in  
17 which the security property is located upon tendering of  
18 payment of the usual recording fees for such instruments,  
19 and without regard to the compliance of those instruments  
20 with any other local filing requirements.

21 **SEC. 816. EFFECT OF SALE.**

22       A sale, made and conducted as prescribed in this title  
23 to a bona fide purchaser, shall bar all claims upon, or with  
24 respect to, the property sold, for each of the following per-  
25 sons:

1           (1) NOTICE RECIPIENTS.—Any person to whom  
2           the notice of default and foreclosure sale was mailed  
3           as provided in this title, and the heir, devisee, execu-  
4           tor, administrator, successor, or assignee claiming  
5           under any such person.

6           (2) SUBORDINATE CLAIMANTS WITH KNOWL-  
7           EDGE.—Any person claiming any interest in the  
8           property subordinate to that of the mortgage, if such  
9           person had actual knowledge of the foreclosure sale.

10          (3) NONRECORDED CLAIMANTS.—Any person  
11          claiming any interest in the property, whose assign-  
12          ment, mortgage, or other conveyance was not duly  
13          recorded or filed in the proper place for recording or  
14          filing, or whose judgment or decree was not duly  
15          docketed or filed in the proper place for docketing  
16          or filing, before the date on which the notice of the  
17          foreclosure sale was first served by publication, as  
18          required by section 809(3), and the executor, admin-  
19          istrator, or assignee of such a person.

20          (4) OTHER PERSONS.—Any person claiming an  
21          interest in the property under a statutory lien or en-  
22          cumbrance created subsequent to the recording or  
23          filing of the mortgage being foreclosed, and attach-  
24          ing to the title or interest of any person designated  
25          in any of the foregoing paragraphs.

1 **SEC. 817. COMPUTATION OF TIME.**

2       Periods of time provided for in this title shall be cal-  
3       culated in consecutive calendar days, including the day or  
4       days on which the actions or events occur or are to occur  
5       for which the period of time is provided and including the  
6       day on which an event occurs or is to occur from which  
7       the period is to be calculated.

8 **SEC. 818. SEVERABILITY.**

9       If any part of this title shall, for any reason, be ad-  
10      judged by a court of competent jurisdiction to be invalid,  
11      or invalid as applied to a class of cases, such judgment  
12      shall not affect, impair, or invalidate the remainder there-  
13      of, and shall be confined in its operation to the part there-  
14      of directly involved in the controversy in which such judg-  
15      ment shall have been rendered.

16 **SEC. 819. DEFICIENCY JUDGMENT.**

17       (a) IN GENERAL.—

18           (1) REFERRAL TO ATTORNEY GENERAL.—If  
19       after deducting the payments provided for in section  
20       813 of this title, the price at which the security  
21       property is sold at a foreclosure sale is less than the  
22       unpaid balance of the debt secured by the security  
23       property, resulting in a deficiency, the Secretary  
24       may refer the matter to the Attorney General who  
25       may commence an action or actions against any or

1 all debtors to recover the deficiency, unless such an  
 2 action is specifically prohibited by the mortgage.

3 (2) OTHER RECOVERIES.—In any action insti-  
 4 tuted pursuant to this section the United States may  
 5 recover—

6 (A) any amount authorized by section  
 7 3011 of title 28, United States Code; and

8 (B) the costs of the action.

9 (b) LIMITATION.—Any action commenced to recover  
 10 a deficiency under this section must be brought not later  
 11 than 6 years after the date of the last sale of the security  
 12 property.

## 13 **TITLE IX—RURAL HOUSING**

### 14 **SEC. 901. PROGRAM AUTHORIZATIONS.**

15 (a) INSURANCE AND GUARANTEE AUTHORITY.—Sec-  
 16 tion 513(a) of the Housing Act of 1949 (42 U.S.C.  
 17 1483(a)) is amended to read as follows:

18 “(a) INSURANCE AND GUARANTEE AUTHORITY.—

19 “(1) IN GENERAL.—The Secretary may, to the  
 20 extent approved in appropriation Acts, insure and  
 21 guarantee loans under this title during fiscal years  
 22 1995 and 1996, in aggregate amounts not to exceed  
 23 \$3,231,103,950 and \$3,360,037,069, respectively, as  
 24 follows:

1           “(A) For insured or guaranteed loans  
2           under section 502 on behalf of low-income bor-  
3           rowers receiving assistance under section  
4           521(a)(1), \$1,802,500,000 for fiscal year 1995  
5           and \$1,856,575,000 for fiscal year 1996.

6           “(B) For guaranteed loans under section  
7           502(h) on behalf of low- and moderate-income  
8           borrowers, \$772,500,000 for fiscal year 1995  
9           and \$795,675,000 for fiscal year 1996.

10          “(C) For loans under section 504,  
11          \$36,050,000 for fiscal year 1995 and  
12          \$37,131,500 for fiscal year 1996.

13          “(D) For insured loans under section 514,  
14          \$18,053,950 for fiscal year 1995 and  
15          \$18,595,569 for fiscal year 1996.

16          “(E) For insured loans under section 515,  
17          \$600,000,000 for fiscal year 1995 and  
18          \$650,000,000 for fiscal year 1996.

19          “(F) For loans under section  
20          523(b)(1)(B), \$1,000,000 for fiscal year 1995  
21          and \$1,030,000 for fiscal year 1996.

22          “(G) For site loans under section 524,  
23          \$1,000,000 for fiscal year 1995 and \$1,030,000  
24          for fiscal year 1996.

1           “(2) LIMITATION ON USE.—Notwithstanding  
2           any other provision of law, insured or guaranteed  
3           loan authority in this title for any fiscal year shall  
4           not be transferred or used for any purpose not speci-  
5           fied in this title.”.

6           (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
7           513(b) of the Housing Act of 1949 (42 U.S.C. 1483(b))  
8           is amended to read as follows:

9           “(b) AUTHORIZATION OF APPROPRIATIONS.—There  
10          are authorized to be appropriated for fiscal years 1995  
11          and 1996, and to remain available until expended, the fol-  
12          lowing amounts:

13               “(1) For grants under section 502(c)(5)(C)(i),  
14               \$10,000,000 for fiscal year 1995, and \$10,000,000  
15               for fiscal year 1996.

16               “(2) For grants under section 504,  
17               \$31,000,000 for fiscal year 1995 and \$31,930,000  
18               for fiscal year 1996.

19               “(3) For purposes of section 509(c),  
20               \$1,000,000 for fiscal year 1995 and \$1,030,000 for  
21               fiscal year 1996.

22               “(4) For project preparation grants under sec-  
23               tion 509(f)(6), \$5,688,278 for fiscal year 1995 and  
24               \$5,858,926 for fiscal year 1996.

1           “(5) In fiscal years 1995 and 1996, such sums  
2           as may be necessary to meet payments on notes or  
3           other obligations issued by the Secretary under sec-  
4           tion 511 equal to—

5                   “(A) the aggregate of the contributions  
6                   made by the Secretary in the form of credits on  
7                   principal due on loans made pursuant to section  
8                   503; and

9                   “(B) the interest due on a similar sum  
10                  represented by notes or other obligations issued  
11                  by the Secretary.

12           “(6) For grants for service coordinators under  
13           section 515(y), \$1,073,260 for fiscal year 1995 and  
14           \$1,105,458 for fiscal year 1996.

15           “(7) For financial assistance under section  
16           516—

17                   “(A) for low-rent housing and related fa-  
18                   cilities for domestic farm labor under sub-  
19                   sections (a) through (j) of such section,  
20                   \$15,000,000 for fiscal year 1995 and  
21                   \$18,000,000 for fiscal year 1996; and

22                   “(B) for housing for rural homeless and  
23                   migrant farmworkers under subsection (k) of  
24                   such section, \$10,269,230 for fiscal year 1995  
25                   and \$11,407,307 for fiscal year 1996.

1           “(8) For grants under section 523(f),  
2           \$14,918,314 for fiscal year 1995 and \$15,365,863  
3           for fiscal year 1996.

4           “(9) For grants under section 533,  
5           \$33,056,408 for fiscal year 1993 and \$34,048,100  
6           for fiscal year 1994.

7           “(10) For grants under section 538,  
8           \$10,000,000 for fiscal year 1995, which shall remain  
9           available until the end of fiscal year 1997.

10          “(11) For assistance under section 539,  
11          \$10,000,000 for fiscal year 1995 and \$12,000,000  
12          for fiscal year 1996.”.

13          (c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—  
14          Section 513(c) of the Housing Act of 1949 (42 U.S.C.  
15          1483(c)(1)) is amended by striking “(c)” and all that fol-  
16          lows through the end of paragraph (1) and inserting the  
17          following:

18          “(c) RENTAL AND OPERATING ASSISTANCE.—

19                 “(1) IN GENERAL.—The Secretary, to the ex-  
20                 tent approved in appropriations Acts for fiscal years  
21                 1995 and 1996, may enter into rental assistance  
22                 payment contracts under section 521(a)(2)(A) and  
23                 contracts for operating assistance under section  
24                 521(a)(5), aggregating \$454,079,620 for fiscal year  
25                 1995 and \$467,702,009 for fiscal year 1996.”.

1 (d) SUPPLEMENTAL RENTAL ASSISTANCE PAYMENT  
2 CONTRACTS.—Section 513(d) of the Housing Act of 1949  
3 (42 U.S.C. 1483(d)) is amended to read as follows:

4 “(d) SUPPLEMENTAL RENTAL ASSISTANCE CON-  
5 TRACTS.—The Secretary, to the extent approved in appro-  
6 priations Acts for fiscal years 1995 and 1996, may enter  
7 into 5-year supplemental rental assistance contracts under  
8 section 502(c)(5)(D) aggregating \$13,070,160 for fiscal  
9 year 1995 and \$13,462,265 for fiscal year 1996.”.

10 (e) RURAL HOUSING VOUCHER AUTHORITY.—Sec-  
11 tion 513(e) of the Housing Act of 1949 (42 U.S.C.  
12 1483(e)) is amended to read as follows:

13 “(e) RURAL HOUSING VOUCHERS.—There are au-  
14 thorized to be appropriated for rural housing vouchers  
15 under section 542, \$100,000,000 for fiscal year 1995 and  
16 \$100,000,000 for fiscal year 1996.”.

17 (f) RENTAL HOUSING LOAN AUTHORITY.—Section  
18 515(b)(4) of the Housing Act of 1949 (42 U.S.C.  
19 1485(b)(4)) is amended by striking “1991” and inserting  
20 “1996”.

21 **SEC. 902. ELIGIBILITY OF NATIVE AMERICANS FOR RURAL**  
22 **HOUSING PROGRAMS.**

23 Section 501(b)(6) of the Housing Act of 1949 (42  
24 U.S.C. 1471(b)(6)) is amended by adding at the end the  
25 following new sentence: “In any case in which assistance

1 made available under this title may be provided to a State  
2 or State agency or in which a State or State agency is  
3 eligible to participate in a program or activity under this  
4 title, such assistance may also be provided to Indian tribes  
5 and tribal agencies and Indian tribes and tribal agencies  
6 shall be eligible to participate, respectively.”.

7 **SEC. 903. ESCROW FUND.**

8 Section 501(e) of the Housing Act of 1949 (42  
9 U.S.C. 1471(e)) is amended by striking the third and  
10 fourth sentences and inserting the following: “The Sec-  
11 retary may establish in the United States Treasury an es-  
12 crow fund for the deposit of such periodic payments. The  
13 Secretary may direct the Secretary of the Treasury to in-  
14 vest and reinvest amounts in the escrow fund in public  
15 debt securities with maturities suitable for the needs of  
16 the escrow fund and bearing interest at rates determined  
17 by the Secretary of the Treasury, taking into consideration  
18 the current average market yield on outstanding market-  
19 able obligations of the United States of comparable matu-  
20 rities. Any interest earned shall be credited to the escrow  
21 fund. The Secretary shall disburse amounts at the appro-  
22 priate time or times for the purposes for which the  
23 amounts were escrowed in the fund. The interest rate to  
24 be paid on escrowed amounts shall be determined annually  
25 based on the interest earned less an amount not to exceed

1 1 percent which shall be used for expenses in carrying out  
2 the provisions of this title.”.

3 **SEC. 904. SECTION 502 HOMEOWNERSHIP LOANS.**

4 (a) REMOTE RURAL AREAS.—Section 502(f) of the  
5 Housing Act of 1949 (42 U.S.C. 1472(f)) is amended—

6 (1) by striking paragraph (1);

7 (2) by redesignating paragraph (2) as para-  
8 graph (1); and

9 (3) by adding at the end the following new  
10 paragraph:

11 “(2) SECURITY.—In making a loan under this  
12 section for housing located in a rural area that is a  
13 remote rural area (which shall include tribal allotted  
14 or Indian trust land) where the borrower resides or  
15 is employed, the Secretary shall consider the actual  
16 replacement cost of the property and structure for  
17 which the loan is made as adequate security for the  
18 loan required under subsection (b).”.

19 (b) DEFERRED MORTGAGE DEMONSTRATION.—  
20 Paragraphs (1) and (2) of section 502(g) of the Housing  
21 Act of 1949 (42 U.S.C. 1472(g)) are amended to read  
22 as follows:

23 “(1) AUTHORITY.—With respect to families or  
24 persons otherwise eligible for assistance under sub-  
25 section (d) but having incomes below the amount de-

1       terminated to qualify for a loan under this section, the  
2       Secretary may defer mortgage payments beyond the  
3       amount affordable at 1 percent interest, taking into  
4       consideration income, taxes, and insurance. Deferred  
5       amounts shall not exceed 25 percent of the amount  
6       of the payment due at 1 percent interest and shall  
7       be subject to recapture.

8           “(2) FUNDING.—Subject to approval in appro-  
9       priations Acts, not more than 10 percent of the  
10      amount approved for each of fiscal years 1993 and  
11      1994 for loans under this section may be used to  
12      carry out this subsection.”.

13      (c) PHASE-IN OF RENT INCREASES.—Section  
14      502(c)(4)(B)(vi) of the Housing Act of 1949 (42 U.S.C.  
15      1472(c)(4)(B)(vi)) is amended by inserting before the pe-  
16      riod at the end the following: “, except that any such in-  
17      crease in rents for current tenants (except for increases  
18      made necessary by increases in operating costs) shall (I)  
19      be phased in equally over a period of not less than 3 years,  
20      if such increase is 30 percent or more, and (II) be limited  
21      to not more than 10 percent per year if such increase is  
22      more than 10 percent but less than 30 percent”.

1 **SEC. 905. DESIGNATION OF UNDERSERVED AREAS AND**  
2 **RESERVATION OF ASSISTANCE.**

3 (a) REAUTHORIZATION AND SET-ASIDE.—Section  
4 509(f)(4) of the Housing Act of 1949 (42 U.S.C.  
5 1479(f)(4)) is amended—

6 (1) in subparagraph (A)—

7 (A) in the first sentence—

8 (i) by striking “5.0 percent in fiscal  
9 years 1993 and 1994” and inserting “not  
10 less than 5 percent or more than 10 per-  
11 cent for each of fiscal years 1995 and  
12 1996”; and

13 (ii) by striking “514, 515, and 524”  
14 and inserting “and 515”; and

15 (B) in the second sentence, by striking  
16 “sections 514 and 515” and inserting “section  
17 515”; and

18 (2) in subparagraph (B)(ii), by striking “5 per-  
19 cent” and inserting “10 percent”.

20 (b) 2-YEAR AND 3-YEAR DESIGNATIONS.—Section  
21 509(f) of the Housing Act of 1949 (42 U.S.C. 1479(f))  
22 is amended—

23 (1) in paragraph (1)—

24 (A) in the 1st sentence, by striking “in  
25 each fiscal year”; and

1 (B) in the 2d sentence, by striking “year  
2 in” and inserting “first year for”;

3 (2) in paragraph (2)—

4 (A) in the first sentence, by striking  
5 “paragraph (4)” and inserting “paragraph  
6 (5)”; and

7 (B) by striking the last sentence;

8 (3) in paragraph (3)(B), by striking “para-  
9 graph (2)” and inserting “paragraph (3)”;

10 (4) in paragraph (4)(A), by striking “paragraph  
11 (7)” and inserting “paragraph (8)”;

12 (5) by redesignating paragraphs (2) through  
13 (8) as paragraphs (3) through (9), respectively; and

14 (6) by inserting after paragraph (1) the follow-  
15 ing new paragraph:

16 “(2) TIMING AND DURATION OF DESIGNA-  
17 TIONS.—

18 “(A) IN GENERAL.—Except as provided in  
19 subparagraph (B), the Secretary shall redesign-  
20 nate the targeted underserved areas under this  
21 subsection once every 2 fiscal years and such  
22 designations shall remain in effect for a period  
23 of 2 fiscal years. The first such 2-year designa-  
24 tion shall be made for fiscal years 1995 and  
25 1996.

1 “(B) DESIGNATIONS FOR INDIAN AREAS.—

2 The Secretary shall ensure that, at all times,  
3 not less than 5 counties or communities that  
4 contain tribal allotted or Indian trust land are  
5 included among the 100 counties and commu-  
6 nities designated as targeted underserved areas.

7 The Secretary shall redesignate the counties or  
8 communities designated as a targeted under-  
9 served area in compliance with this subpara-  
10 graph once every 3 fiscal years and such des-  
11 ignations shall remain in effect for 3 fiscal  
12 years. The first such 3-year designation shall be  
13 made for fiscal years 1995 through 1997. Upon  
14 designation, the Secretary shall specify any tar-  
15 geted underserved area designated in compli-  
16 ance with this subparagraph.”.

17 **SEC. 906. SECTION 515 RURAL RENTAL HOUSING.**

18 (a) LOAN TERM.—Section 515(a)(2) of the Housing  
19 Act of 1949 (42 U.S.C. 1485(a)(2)) is amended by strik-  
20 ing “fifty” and inserting “30”.

21 (b) EQUITY TAKEOUT.—Section 515(t) of the Hous-  
22 ing Act of 1949 (42 U.S.C. 1485(t)) is amended by strik-  
23 ing paragraphs (4) and (5) and redesignating paragraphs  
24 (6), (7), and (8) as paragraphs (4), (5), and (6), respec-  
25 tively.

1 (c) SET-ASIDE FOR NONPROFIT ENTITIES.—The  
2 first sentence of section 515(w)(1) of the Housing Act of  
3 1949 (42 U.S.C. 1485(w)(1)) is amended by striking “fis-  
4 cal years 1994 and 1995” and inserting “fiscal years 1995  
5 and 1996.”.

6 (d) AUTHORITY FOR SEQUENTIAL LOAN TRANSFERS  
7 AND LIMITATION ON PROJECT TRANSFERS.—Section 515  
8 of the Housing Act of 1949 (42 U.S.C. 1485) is amended  
9 by inserting after subsection (g) the following new sub-  
10 section:

11 “(h) LIMITATION ON TRANSFER OF PROJECTS.—Be-  
12 ginning after the date of the enactment of the Housing  
13 and Community Development Act of 1994, any interest  
14 in the ownership of a project for which a loan is made  
15 or insured under this section may be transferred only if  
16 the Secretary determines that such transfer would be in  
17 the best interests of the tenants of the housing for which  
18 the loan was made or insured and of the Federal Govern-  
19 ment.”.

20 (e) PREPAYMENT.—

21 (1) IN GENERAL.—Section 502(c)(1) of the  
22 Housing Act of 1949 (42 U.S.C. 1472(c)(1)) is  
23 amended by adding at the end the following:

24 “(C) Beginning after May 26, 1994, and prior to the  
25 expiration of 2 years after the date of enactment of this

1 subparagraph, the Secretary may not accept an offer to  
2 prepay, make an equity loan, transfer to a nonprofit orga-  
3 nization, or request refinancing in accordance with sub-  
4 section (b)(3) of, any loan made or insured under this sec-  
5 tion pursuant to a contract entered into before the enact-  
6 ment of the Department of Housing and Urban Develop-  
7 ment Reform Act of 1989.”.

8           (2) APPROVAL OF ASSISTANCE.—Section  
9       502(c)(4)(C) of the Housing Act of 1949 (42 U.S.C.  
10      1472(c)(4)(C)) is amended by striking the matter  
11      preceding clause (i) and inserting the following:

12      “(C) APPROVAL OF ASSISTANCE.—The Secretary  
13      may approve assistance under subparagraph (B) only if  
14      the restrictive period has expired for any loan made or  
15      insured under section 514 or 515 of this title pursuant  
16      to a contract entered into after December 21, 1979, but  
17      before the date of enactment of the Department of Hous-  
18      ing and Urban Development Reform Act of 1989, and the  
19      Secretary determines that the combination of assistance  
20      provided—”.

1 **SEC. 907. OPTIONAL CONVERSION OF RENTAL ASSISTANCE**  
2 **PAYMENTS TO OPERATING SUBSIDY FOR MI-**  
3 **GRANT FARMWORKER PROJECTS.**

4 (a) IN GENERAL.—Section 521(a) of the Housing  
5 Act of 1949 (42 U.S.C. 1490a(a)) is amended by adding  
6 at the end the following new paragraph:

7 “(5) OPERATING ASSISTANCE FOR MIGRANT FARM-  
8 WORKER PROJECTS.—

9 “(A) AUTHORITY.—In the case of housing (and  
10 related facilities) for migrant farmworkers provided  
11 or assisted with a loan under section 514 or a grant  
12 under section 516, the Secretary may, at the request  
13 of the owner of the project, use amounts provided  
14 for rental assistance payments under paragraph (2)  
15 to provide assistance for the costs of operating the  
16 project. Any project assisted under this paragraph  
17 may not receive rental assistance under paragraph  
18 (2).

19 “(B) AMOUNT.—In any fiscal year, the assist-  
20 ance provided under this paragraph for any project  
21 shall not exceed an amount equal to 90 percent of  
22 the operating costs for the project for the year, as  
23 determined by the Secretary. The amount of assist-  
24 ance to be provided for a project under this para-  
25 graph shall be an amount that makes units in the  
26 project available to migrant farmworkers in the area

1 of the project at rates generally not exceeding 30  
2 percent of the monthly adjusted incomes of such  
3 farmworkers, based on the prevailing incomes of  
4 such farmworkers in the area.

5 “(C) SUBMISSION OF INFORMATION.—The  
6 owner of a project assisted under this paragraph  
7 shall be required to provide to the Secretary, at least  
8 annually, a budget of operating expenses and esti-  
9 mated rental income, which the Secretary shall use  
10 to determine the amount of assistance for the  
11 project.

12 “(D) DEFINITIONS.—For purposes of this  
13 paragraph, the following definitions shall apply:

14 “(i) The term ‘migrant farmworker’ shall  
15 have the same meaning given the term in sec-  
16 tion 516(k)(7).

17 “(ii) The term ‘operating cost’ means ex-  
18 penses incurred in operating a project, includ-  
19 ing expenses for—

20 “(I) administration, maintenance, re-  
21 pair, and security of the project;

22 “(II) utilities, fuel, furnishings, and  
23 equipment for the project; and

24 “(III) maintaining adequate reserve  
25 funds for the project.”.

1 (b) CONFORMING AMENDMENTS.—Title V of the  
2 Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amend-  
3 ed—

4 (1) in section 502—

5 (A) in subsection (c)(1)(A)(i), by striking  
6 “or (a)(2)” and inserting “, (a)(2), or (5)”;

7 (B) in subsection (c)(4)(B)(ii), by inserting  
8 before the period at the end the following: “, or  
9 additional assistance or an increase in assist-  
10 ance provided under section 521(a)(5)”;

11 (C) in subsection (c)(4)(B)(iii), by insert-  
12 ing before the period at the end the following:  
13 “, or current tenants of projects not assisted  
14 under section 521(a)(5)”;

15 (D) in subsection (c)(5)(C)(iii)—

16 (i) by striking the second comma; and

17 (ii) by inserting “, or any assistance  
18 payments received under section  
19 521(a)(5),” before “with respect”;

20 (E) in subsection (c)(5)(D), by inserting  
21 before the period at the end the following: “or,  
22 in the case of housing assisted under section  
23 521(a)(5), does not exceed the rents established  
24 for the project under such section”;

1           (2) in the second sentence of section 509(f)(5)  
2           (as redesignated by the preceding provisions of this  
3           title), by striking “an amount of section 521 rental  
4           assistance” and inserting “, from amounts available  
5           for assistance under paragraphs (2) and (5) of sec-  
6           tion 521(a), an amount”;

7           (3) in section 513(c)(2)—

8                 (A) in the matter preceding subparagraph  
9                 (A), by inserting “or contracts for operating as-  
10                sistance under section 521(a)(5)” after  
11                “521(a)(2)(A)”;

12               (B) in subparagraph (A), by inserting “or  
13                operating assistance contracts” after “con-  
14                tracts”;

15               (C) in subparagraph (B), by striking  
16                “rental” each place it appears; and

17               (D) in subparagraph (C), by inserting “or  
18                operating assistance contracts” after “con-  
19                tracts”;

20           (4) in section 521(a)(2)(B)—

21                 (A) by inserting “or paragraph (5)” after  
22                “this paragraph”; and

23                 (B) by striking “which shall” and all that  
24                follows through the period at the end and in-  
25                serting the following: “. The budget (and the

1 income, in the case of a project assisted under  
2 this paragraph) shall be used to determine the  
3 amount of the assistance for each project.”;

4 (5) in section 521(c), by striking “subsection  
5 (a)(2)” and inserting “subsections (a)(2) and  
6 (a)(5)”;

7 (6) in section 521(e), by inserting after “recipi-  
8 ent” the following: “or any tenant in a project as-  
9 sisted under subsection (a)(5)”;

10 (7) in section 530, by striking “rental assist-  
11 ance payments with respect to such project under  
12 section 521(a)(2)(A)” and inserting “assistance pay-  
13 ments with respect to such project under section  
14 521(a)(2)(A) or 521(a)(5)”.

15 **SEC. 908. ELIGIBILITY OF MANUFACTURED HOME PARKS**  
16 **FOR BUILDING SITE LOANS FOR COOPERA-**  
17 **TIVES.**

18 The first sentence of section 524(a)(1) of the Hous-  
19 ing Act of 1949 (42 U.S.C. 1490d(a)(1)) is amended by  
20 inserting before the period at the end the following: “, and  
21 for the acquisition and development of manufactured home  
22 parks owned by nonprofit organizations for future owner-  
23 ship by low- and moderate-income residents of the park”.

1 **SEC. 909. RURAL HOUSING REPORT.**

2 Not later than 180 days after the date of enactment  
3 of this Act, the Secretary of Agriculture shall submit a  
4 report to the Committee on Banking, Housing, and Urban  
5 Affairs of the Senate and the Committee on Banking, Fi-  
6 nance and Urban Affairs of the House of Representatives  
7 on the rural rental housing program administered by the  
8 Farmer's Home Administration under section 515 of the  
9 Housing Act of 1949. Such report shall review and analyze  
10 the programmatic and fiscal performance of the section  
11 515 program, and shall address the criticisms of the pro-  
12 gram detailed in the report entitled "A Report to the Com-  
13 mittee on Appropriations, U. S. House of Representatives,  
14 on the Practices and Procedures Regarding Certain Hous-  
15 ing and Loan Assistance Programs Under the Farmer's  
16 Home Administration".

17 **SEC. 910. PRIORITY FOR RURAL HOUSING VOUCHER AS-**  
18 **SISTANCE.**

19 Section 542 of the Housing Act of 1949 (42 U.S.C.  
20 1490r) is amended by adding at the end the following new  
21 subsection:

22 "(c) PRIORITY.—

23 "(1) REQUIREMENT.—In providing assistance  
24 under this section, the Secretary shall give pref-  
25 erence to providing assistance for rental housing  
26 that—

1           “(A) is financed or assisted with a loan,  
2           guarantee, insurance, or other assistance pro-  
3           vided under this title; and

4           “(B)(i) has a significant number of units,  
5           as determined by the Secretary, that have been  
6           vacant for extended periods; or

7           “(ii) is occupied by a significant number of  
8           families, as determined by the Secretary, who  
9           pay as rent for a unit in the housing an amount  
10          exceeding 30 percent of the family’s monthly  
11          adjusted income.

12          “(2) PROJECT-BASED ASSISTANCE.—To provide  
13          assistance according to the preference under para-  
14          graph (1), the Secretary may enter into contracts  
15          with owners of housing described in paragraph (1)  
16          to provide voucher assistance payments that are at-  
17          tached to such housing on behalf of very low-income  
18          families who reside in such housing.”.

19   **SEC. 911. NATIVE AMERICAN RURAL HOUSING CAPACITY**  
20                   **DEMONSTRATION PROGRAM.**

21          Title V of the Housing Act of 1949 is amended by  
22          inserting after section 537 (42 U.S.C. 1490p–1) the fol-  
23          lowing new section:

1 **“SEC. 538. RURAL HOUSING CAPACITY DEMONSTRATION**  
2 **PROGRAM FOR NATIVE AMERICANS AND**  
3 **ALASKAN NATIVES.**

4 “(a) **AUTHORITY.**—The Secretary shall carry out a  
5 program under this section to demonstrate the effective-  
6 ness of assisting Native Americans and Alaskan Natives  
7 in underserved areas to apply for, obtain, and use housing  
8 assistance under this title.

9 “(b) **GRANTS.**—Under the demonstration under this  
10 section, the Secretary shall make grants to technical as-  
11 sistance providers selected under subsection (f) to carry  
12 out activities under subsection (c) with respect to tribes  
13 selected under subsection (e) (and members of the tribes)  
14 in the selected areas. Of the amounts provided to a tech-  
15 nical assistance provider under a grant under this section,  
16 40 percent shall be disbursed to the technical assistance  
17 provider in fiscal year 1995, 30 percent shall be so dis-  
18 bursed in fiscal year 1996, and 30 percent shall be so dis-  
19 bursed in fiscal year 1997.

20 “(c) **USE OF ASSISTANCE.**—

21 “(1) **ELIGIBLE ACTIVITIES.**—Any amounts pro-  
22 vided to a technical assistance provider under a  
23 grant under this section shall be used by the tech-  
24 nical assistance provider only—

25 “(A) to train individuals for employment  
26 as local project coordinators under paragraph

1 (2), which shall include training regarding the  
2 availability, application for, and use of housing  
3 assistance under this title with respect to tribes  
4 and members of tribes;

5 “(B) to provide ongoing technical assist-  
6 ance and training to local project coordinators;

7 “(C) to provide assistance to the tribes se-  
8 lected under subsection (e) in the selected  
9 areas, or to Native American or Alaskan Native  
10 housing organizations serving such tribes, to  
11 employ local project coordinators trained pursu-  
12 ant to subparagraph (A); and

13 “(D) to establish a revolving fund to pro-  
14 vide loans to tribes and members of tribes for  
15 customary and reasonable costs incurred in pre-  
16 paring and submitting applications for housing  
17 assistance under this title to be used in the se-  
18 lected areas (including costs of credit reports),  
19 except that not more than \$1,500 may be pro-  
20 vided for the purpose under this subparagraph  
21 to any single tribe or Native American or Alas-  
22 kan Native housing organization.

23 “(2) LOCAL PROJECT COORDINATOR.—For pur-  
24 poses of this section, a local project coordinator shall  
25 be an individual who—

1           “(A) is employed by a tribe selected under  
2           subsection (e) in, or Native American or Alas-  
3           kan Native housing organization serving, the  
4           selected area;

5           “(B) provides advice and assistance to the  
6           tribe or the tribes served by the organization  
7           (and members of such tribes), regarding the  
8           availability, application for, and use of housing  
9           assistance under this title;

10          “(C) otherwise facilitates the use of such  
11          assistance by the tribes and their members; and

12          “(D) assists the tribes and their members  
13          in obtaining loans from the revolving fund es-  
14          tablished under paragraph (1)(D).

15          “(d) TRIBAL CONTRIBUTIONS TO DEMONSTRATION  
16 PROGRAM.—Each tribe selected under subsection (e) for  
17 participation in the demonstration program under this  
18 section shall enter into an agreement with the technical  
19 assistance provider to provide in-kind or financial assist-  
20 ance, in addition to amounts provided under this section,  
21 for activities under the demonstration program, in an  
22 amount determined by the tribe and the technical assist-  
23 ance provider. The assistance provided pursuant to such  
24 agreement may include assistance in the form of office

1 space, equipment, transportation, salary enhancement,  
2 and fringe benefits, and other forms of assistance.

3 “(e) SELECTION OF TRIBES AND AREAS.—

4 “(1) ELIGIBILITY.—The Secretary shall provide  
5 for the technical assistance providers receiving  
6 grants under this section to select for participation  
7 in the demonstration under this section not more  
8 than a total of 15 tribes—

9 “(A) that are located in counties or  
10 communities—

11 “(i) that are eligible for designation  
12 as targeted underserved areas under sec-  
13 tion 509(f); or

14 “(ii) that include tribal allotted or In-  
15 dian trust land; and

16 “(B) that—

17 “(i) have agreed to participate in the  
18 demonstration under this section by des-  
19 ignating individuals for training as local  
20 project coordinators under subsection (c);  
21 or

22 “(ii) are located in a county or com-  
23 munity within which is located a Native  
24 American or Alaskan Native housing orga-

1           nization that has so agreed to participate  
2           in the demonstration under this section.

3           “(2) CRITERIA FOR SELECTION.—Each tech-  
4           nical assistance provider selecting tribes pursuant to  
5           paragraph (1) shall make such selections according  
6           to criteria that include—

7                   “(A) the extent of substandard housing on  
8                   the reservation of the tribe;

9                   “(B) the extent of the waiting list for  
10                  housing assistance under Federal housing pro-  
11                  grams in the community or community under  
12                  paragraph (1)(A);

13                  “(C) the extent of interest in and willing-  
14                  ness to participate in the demonstration pro-  
15                  gram under this section for a 3-year period;  
16                  and

17                  “(D) the extent of willingness to provide  
18                  in-kind or financial assistance in addition to  
19                  amounts provided under this section for activi-  
20                  ties under the demonstration program.

21           “(3) TREATMENT AS TARGETED UNDERSERVED  
22           AREAS.—Notwithstanding the designation of coun-  
23           ties and communities as targeted underserved areas  
24           under section 509(f)(1) and the provisions of section  
25           520, any selected area under this section shall be

1 considered a targeted underserved area for fiscal  
2 years 1995, 1996, and 1997, for purposes of eligi-  
3 bility for assistance with amounts reserved under  
4 section 509(f)(4)(A).

5 “(f) SELECTION OF TECHNICAL ASSISTANCE PRO-  
6 VIDERS.—

7 “(1) ELIGIBILITY.—The Secretary may make a  
8 grant under this section only to a nonprofit organi-  
9 zation having experience in providing training and  
10 technical assistance regarding the use of housing as-  
11 sistance under this title and in administering revolv-  
12 ing loan funds for costs relating to housing assist-  
13 ance programs under this title.

14 “(2) APPLICATION.—The Secretary shall pro-  
15 vide for nonprofit organizations meeting the require-  
16 ments under paragraph (1) to submit applications  
17 for a grant under this section during a period of not  
18 more than 45 days that begins upon publication of  
19 the notice of funding availability under subsection  
20 (i).

21 “(3) SELECTION.—Not more than 30 days  
22 after expiration of such period, the Secretary shall  
23 select, to receive grants under this section, 1 or  
24 more nonprofit organizations submitting applications  
25 that are—

1           “(A) capable of carrying out the duties of  
2           technical assistance providers under this sec-  
3           tion; and

4           “(B) knowledgeable and experienced re-  
5           garding housing needs and issues of Native  
6           Americans and Alaskan Natives and housing  
7           assistance programs under this title; and

8           “(C) agree to comply with the provisions of  
9           this section.

10          “(g) REPORTS.—

11           “(1) LOCAL PROJECT COORDINATORS.—Each  
12           local project coordinator trained or assisted by a  
13           technical assistance provider with amounts from a  
14           grant under this section shall submit a report to the  
15           technical assistance provider for each of fiscal years  
16           1995 through 1997, regarding the activities of the  
17           coordinator. The report shall be submitted not later  
18           than 30 days after the conclusion of the fiscal year  
19           for which the report is made.

20           “(2) TECHNICAL ASSISTANCE PROVIDERS.—  
21           Each technical assistance provider receiving a grant  
22           under this section shall submit a report to the Sec-  
23           retary for each of fiscal years 1995 through 1997,  
24           summarizing the information submitted under para-  
25           graph (1) for the fiscal year and describing the ac-

1       tivities of the technical assistance provider under the  
2       demonstration under this section during the fiscal  
3       year. The report shall be submitted not later than  
4       60 days after the conclusion of the fiscal year for  
5       which the report is made.

6           “(3) SECRETARY.—The Secretary shall submit  
7       a report to the Congress for each of fiscal years  
8       1995 through 1997 describing the demonstration  
9       under this section and the findings of the Secretary  
10      as a result of the demonstration. The report shall be  
11      submitted not later than 90 days after the conclu-  
12      sion of the fiscal year for which the report is made.

13          “(h) DEFINITIONS.—For purposes of this section, the  
14      following definitions shall apply:

15           “(1) ALASKAN NATIVE VILLAGE.—The term  
16      ‘Alaskan Native Village’ has the same meaning given  
17      the term ‘Native village’ in section 3 of the Alaska  
18      Native Claims Settlement Act.

19           “(2) NATIVE AMERICAN OR ALASKAN NATIVE  
20      HOUSING ORGANIZATION.—The term ‘Native Amer-  
21      ican or Alaskan Native housing organization’ means  
22      a nonprofit organization that primarily serves a tribe  
23      or tribes, and includes Indian housing authorities  
24      and other housing entities of a tribe.

1           “(3) NONPROFIT ORGANIZATION.—The term  
2           ‘nonprofit organization’ means any private, nonprofit  
3           organization that—

4                   “(A) is organized or chartered under State,  
5                   tribal, or local laws;

6                   “(B) has no part of its net earning inuring  
7                   to the benefit of any member, founder, contrib-  
8                   utor, or individual;

9                   “(C) complies with standards of financial  
10                  accountability acceptable to the Secretary; and

11                  “(D) through its articles of incorporation  
12                  or through resolution of the governing body of  
13                  a tribe, has among its purposes significant ac-  
14                  tivities related to the provision of decent hous-  
15                  ing that is affordable to low- and moderate-in-  
16                  come families.

17           “(4) SELECTED AREA.—The term ‘selected  
18           area’ means, with respect to any tribe selected under  
19           subsection (e), the county or community meeting the  
20           requirements of subsection (e)(1) in which the tribe  
21           selected is located.

22           “(5) TECHNICAL ASSISTANCE PROVIDER.—The  
23           term ‘technical assistance provider’ means a non-  
24           profit organization (including a tribe and an Indian

1 housing authority) that is selected under subsection  
2 (f) to receive a grant under this section.

3 “(6) TRIBE.—The term ‘tribe’ means any In-  
4 dian tribe, band, group, or nation, including Alaska  
5 Indians, Aleuts, and Eskimos, and any Alaskan Na-  
6 tive Village, of the United States, that is considered  
7 an eligible recipient under the Indian Self-Deter-  
8 mination and Education Assistance Act or was con-  
9 sidered an eligible recipient under chapter 67 of title  
10 31, prior to the repeal of such chapter.

11 “(i) NOTICE OF FUNDING AVAILABILITY.—

12 “(1) PUBLICATION.—The Secretary shall cause  
13 to be published in the Federal Register notice of the  
14 availability of any amounts made available for  
15 grants under this section. Such notice shall be pub-  
16 lished not later than the expiration of the 90-day pe-  
17 riod beginning on the date that amounts are appro-  
18 priated to carry out this section.

19 “(2) CONTENTS.—The notice referred to in  
20 paragraph (1) shall—

21 “(A) describe the requirements for eligi-  
22 bility to receive a grant, the purposes of the  
23 grant, and the permissible uses of grant  
24 amounts;

1           “(B) contain an address to which requests  
 2           for additional information regarding the dem-  
 3           onstration under this section may be made; and  
 4           “(C) state the deadline established by the  
 5           Secretary pursuant to section (f)(2) for the sub-  
 6           mission of applications for a grant.”.

7 **SEC. 912. RURAL COMMUNITY DEVELOPMENT INITIATIVE.**

8           Title V of the Housing Act of 1949 (42 U.S.C. 1471  
 9 et seq.) is amended by inserting after section 538 (as  
 10 added by the preceding provisions of this title) the follow-  
 11 ing new section:

12 **“SEC. 539. RURAL COMMUNITY DEVELOPMENT INITIATIVE.**

13           “(a) IN GENERAL.—The Secretary is authorized to  
 14 provide assistance to develop the capacity and ability of  
 15 community development corporations, community housing  
 16 development organizations, and other nonprofit organiza-  
 17 tions to undertake community development and affordable  
 18 housing projects and programs in rural areas.

19           “(b) FORM OF ASSISTANCE.—Assistance under this  
 20 section may be used for—

21           “(1) training, education, support, and advice to  
 22 enhance the technical and administrative capabilities  
 23 of community development corporations, community  
 24 housing development organizations, and nonprofit  
 25 organizations in rural areas;

1           “(2) loans, grants, or predevelopment assistance  
 2           to community development corporations, community  
 3           housing development organizations, and nonprofit  
 4           organizations to carry out community development  
 5           and affordable housing activities that benefit low-in-  
 6           come families in rural areas; and

7           “(3) such other activities for rural areas as may  
 8           be determined by the Secretary.

9           “(c) MATCHING REQUIREMENT.—Assistance pro-  
 10          vided under this section shall be matched from private  
 11          sources in an amount equal to 1 times the amount made  
 12          available under this section.

13          “(d) IMPLEMENTATION.—The Secretary shall by no-  
 14          tice establish such requirements as may be necessary to  
 15          carry out the provisions of this section. The notice shall  
 16          take effect upon issuance.”.

## 17           **TITLE X—REGULATORY AND** 18           **MISCELLANEOUS PROGRAMS**

### 19          **SEC. 1001. OFHEO ASSESSMENT COLLECTION DATES.**

20          Section 1316(b) of the Housing and Community De-  
 21          velopment Act of 1992 (42 U.S.C. 4516(b)) is amended  
 22          by striking paragraph (2) and inserting the following:

23               “(2) TIMING OF PAYMENT.—The annual assess-  
 24               ment shall be payable on October 1 and April 1 of  
 25               each fiscal year.”.

1 **SEC. 1002. LEAD-BASED PAINT TECHNICAL ASSISTANCE**  
2 **AMENDMENTS.**

3 The Residential Lead-Based Paint Hazard Reduction  
4 Act of 1992 (42 U.S.C. 4851 et seq.) is amended—

5 (1) in section 1011(g)—

6 (A) in paragraph (1)—

7 (i) in the first sentence, by inserting  
8 before the period the following: “by provid-  
9 ing technical assistance either directly, or  
10 indirectly under contract or otherwise”;  
11 and

12 (ii) by striking the second sentence;  
13 and

14 (B) by striking paragraph (2) and insert-  
15 ing the following:

16 “(2) SET-ASIDE.—Of the total amount appro-  
17 priated under subsection (p), there shall be set aside  
18 to carry out this subsection \$5,000,000 for fiscal  
19 year 1995 and \$5,000,000 for fiscal year 1996.”;

20 (2) in section 1052, by inserting “either di-  
21 rectly, or indirectly under contract or otherwise,”  
22 after “other Federal agencies,”;

23 (3) by striking section 1053 and inserting the  
24 following:

1 **“SEC. 1053. OTHER RESEARCH AND ASSISTANCE ACTIVITIES.**  
 2 **TIES.**

3 “The Secretary may use funding available to carry  
 4 out this part to undertake, either directly, or indirectly  
 5 under contract or otherwise, pursuant to title V of the  
 6 Housing and Urban Development Act of 1970, such stud-  
 7 ies, tests (including pilot tests of new or revised pro-  
 8 grams), evaluations, demonstrations, education of the pub-  
 9 lic, and preparation of training materials, as are consist-  
 10 ent with the purposes of this Act.”; and

11 (4) by adding at the end the following new sec-  
 12 tion:

13 **“SEC. 1054. AUTHORIZATION.**

14 “Of the total amount approved in appropriation Acts  
 15 under section 1011(p), there shall be set aside to carry  
 16 out this part \$10,000,000 for fiscal year 1995 and  
 17 \$10,000,000 for fiscal year 1996.”.

18 **SEC. 1003. LEAD-BASED PAINT TARGET HOUSING HAZARD**  
 19 **REDUCTION PROGRAM.**

20 Section 1011(p) of the Residential Lead-Based Paint  
 21 Hazard Reduction Act of 1992 (42 U.S.C. 4852(p)) is  
 22 amended to read as follows:

23 “(p) AUTHORIZATION OF APPROPRIATIONS.—There  
 24 are authorized to be appropriated \$150,000,000 for fiscal  
 25 year 1995 and \$150,000,000 for fiscal year 1996 to carry  
 26 out this title.”.

1 **SEC. 1004. LEAD-BASED PAINT NOTIFICATION REQUIRE-**  
2 **MENTS.**

3 (a) DISCLOSURE OF INFORMATION CONCERNING  
4 LEAD UPON TRANSFER OF RESIDENTIAL PROPERTY.—  
5 Section 1018(a)(1)(A) of the Residential Lead-Based  
6 Paint Hazard Reduction Act of 1992 (42 U.S.C.  
7 4852d(a)(1)(A)) is amended by inserting before the semi-  
8 colon the following: “, which shall be made available in  
9 English and Spanish versions, and if practicable, in other  
10 languages as are spoken by a substantial number of the  
11 residents, as determined by the Secretary and the Admin-  
12 istrator”.

13 **SEC. 1005. HUD RESEARCH AND DEVELOPMENT.**

14 The second sentence of section 501 of the Housing  
15 and Urban Development Act of 1970 (12 U.S.C. 1701z-  
16 1) is amended to read as follows: “There are authorized  
17 to be appropriated to carry out this title \$40,000,000 for  
18 fiscal year 1995 and \$40,000,000 for fiscal year 1996.”.

19 **SEC. 1006. INDEMNIFICATION OF CONTRACTORS FOR IN-**  
20 **TELLECTUAL PROPERTY RIGHTS DISPUTES.**

21 A recipient of Federal housing assistance may not use  
22 such funds to indemnify contractors or subcontractors  
23 against costs associated with litigating or settling disputes  
24 concerning the infringement of intellectual property rights.

1 **SEC. 1007. FAIR HOUSING INITIATIVES PROGRAM AUTHOR-**  
 2 **IZATION OF APPROPRIATIONS.**

3 Section 561(g) of the Housing and Community De-  
 4 velopment Act of 1987 (42 U.S.C. 3616 note) is amended  
 5 to read as follows:

6 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
 7 are authorized to be appropriated to remain available until  
 8 expended to carry out the provisions of this section  
 9 \$26,000,000 for fiscal year 1995 and \$26,000,000 for fis-  
 10 cal year 1996. Amounts appropriated shall remain avail-  
 11 able until expended.”.

12 **SEC. 1008. CIVIL MONEY PENALTIES FOR VIOLATIONS OF**  
 13 **THE HOME MORTGAGE DISCLOSURE ACT BY**  
 14 **NONSUPERVISED MORTGAGEES.**

15 Section 305 of the Home Mortgage Disclosure Act  
 16 of 1975 (12 U.S.C. 2804) is amended—

17 (1) by striking subsection (b)(4); and

18 (2) by adding at the end the following new sub-  
 19 section:

20 “(d) POWERS OF THE SECRETARY OF HOUSING AND  
 21 URBAN DEVELOPMENT.—

22 “(1) IN GENERAL.—The Secretary of Housing  
 23 and Urban Development (hereafter in this sub-  
 24 section referred to as the ‘Secretary’) shall enforce  
 25 compliance with the requirements imposed under

1       this title with regard to lending institutions not  
2       named in subsection (b).

3           “(2) CIVIL MONEY PENALTIES.—Pursuant to  
4       paragraph (1), the Secretary may impose a civil  
5       money penalty for failure to comply with the require-  
6       ments of this title.

7           “(3) AMOUNT OF PENALTY.—The amount of  
8       the penalty, as determined by the Secretary, may  
9       not exceed \$5,000 for each violation, except that the  
10      maximum penalty for all violations by any particular  
11      lending institution during any 1-year period shall  
12      not exceed \$1,000,000.

13          “(4) VIOLATIONS FOR WHICH A PENALTY MAY  
14      BE IMPOSED.—A civil money penalty may be im-  
15      posed for the late submission of a report, failure to  
16      submit a report, submission of an illegible report,  
17      submission of an erroneous report, or failure to sub-  
18      mit a corrected report for a report that was illegible  
19      or erroneous.

20          “(5) AGENCY PROCEDURES.—

21           “(A) ESTABLISHMENT.—The Secretary  
22      shall establish standards and procedures gov-  
23      erning the imposition of civil money penalties  
24      under this section. These standards and proce-  
25      dures—

1           “(i) shall provide for the Secretary to  
2           make the determination to impose the pen-  
3           alty or to use an administrative entity  
4           (such as the Mortgagee Review Board, es-  
5           tablished pursuant to section 202(c) of the  
6           National Housing Act) to make the deter-  
7           mination;

8           “(ii) shall provide for the imposition  
9           of a penalty only after the lending institu-  
10          tion has been given an opportunity for a  
11          hearing on the record; and

12          “(iii) may provide for review by the  
13          Secretary of a determination or order, or  
14          interlocutory ruling, arising from a hear-  
15          ing.

16          “(B) FINAL ORDERS.—If a hearing is not  
17          requested during the 15-day period beginning  
18          on the date on which notice of opportunity for  
19          hearing is received, the imposition of the pen-  
20          alty shall constitute a final and unappealable  
21          determination. If the Secretary reviews the de-  
22          termination or order, the Secretary may affirm,  
23          modify, or reverse that determination or order.  
24          If the Secretary does not review the determina-  
25          tion or order prior to the expiration of the 90-

1 day period beginning on the date of the issu-  
2 ance of the determination or order, the deter-  
3 mination or order shall be final.

4 “(C) FACTORS IN DETERMINING AMOUNT  
5 OF PENALTY.—In determining the amount of a  
6 penalty under this subsection, consideration  
7 shall be given to such factors as the gravity of  
8 the offense, any history of prior offenses, ability  
9 to pay the penalty, deterrence of future viola-  
10 tions, and such other factors as the Secretary  
11 may determine to be appropriate.

12 “(D) NO REVIEW OF IMPOSITION OF PEN-  
13 ALTY.—Except as provided in this subsection,  
14 the Secretary’s determination or order imposing  
15 a penalty under this subsection shall not be  
16 subject to review.

17 “(6) JUDICIAL REVIEW OF AGENCY DETER-  
18 MINATION.—

19 “(A) IN GENERAL.—After exhausting all  
20 administrative remedies established by the Sec-  
21 retary under this subsection, a lending institu-  
22 tion against which the Secretary has imposed a  
23 civil money penalty under this subsection may  
24 obtain a review of the penalty as may be ad-  
25 dressed in the notice of determination to impose

1 a penalty in the appropriate court of appeals of  
2 the United States, by filing in such court, be-  
3 fore the expiration of the 20-day period begin-  
4 ning on the date of the entry of such order or  
5 determination, a written petition praying that  
6 the Secretary's determination or order be modi-  
7 fied or set aside in whole or in part.

8 “(B) OBJECTIONS NOT RAISED IN HEAR-  
9 ING.—The court shall not consider any objec-  
10 tion that was not raised in the hearing con-  
11 ducted pursuant to this subsection unless a  
12 demonstration is made of extraordinary cir-  
13 cumstances causing the failure to raise the ob-  
14 jection. If any party demonstrates to the satis-  
15 faction of the court that additional evidence not  
16 presented at the hearing is material and that  
17 there were reasonable grounds for the failure to  
18 present such evidence at the hearing, the court  
19 shall remand the matter to the Secretary for  
20 consideration of the additional evidence.

21 “(C) SCOPE OF REVIEW.—The decisions,  
22 findings, and determinations of the Secretary  
23 shall be reviewed pursuant to section 706 of  
24 title 5, United States Code.

1           “(D) ORDER TO PAY PENALTY.—Notwith-  
2           standing any other provision of law, in any such  
3           review, the court shall have the power to order  
4           payment of the penalty imposed by the Sec-  
5           retary.

6           “(7) ACTION TO COLLECT PENALTY.—If a lend-  
7           ing institution fails to comply with the Secretary’s  
8           determination or order imposing a civil money pen-  
9           alty under this subsection, the Secretary may, after  
10          the determination or order is no longer subject to re-  
11          view as provided by this subsection, bring an action  
12          in an appropriate United States district court to ob-  
13          tain a monetary judgment against the lending insti-  
14          tution. In any such action, the validity and appro-  
15          priateness of the Secretary’s determination or order  
16          imposing the penalty shall not be subject to review.  
17          The monetary judgment may, in the court’s discre-  
18          tion, include the attorneys fees and other expenses  
19          incurred by the United States in connection with the  
20          action.

21          “(8) SETTLEMENT BY SECRETARY.—The Sec-  
22          retary may compromise, modify, or remit any civil  
23          money penalty imposed under this subsection.

24          “(9) REGULATIONS.—The Secretary shall, by  
25          interim rule published in the Federal Register, es-

1       tablish such requirements as may be necessary to  
2       carry out this subsection. The Secretary shall issue  
3       final regulations based on the interim rule after no-  
4       tice and an opportunity for public comment.

5           “(10) DEPOSIT OF PENALTIES IN UNITED  
6       STATES TREASURY.—All civil money penalties col-  
7       lected under this subsection shall be deposited in the  
8       Miscellaneous Receipts Account of the United States  
9       Treasury.”.

10   **SEC. 1009. YOUTHBUILD.**

11       (a) IMPLEMENTATION GRANTS.—Section 454 of the  
12   Cranston-Gonzalez National Affordable Housing Act (42  
13   U.S.C. 12899c) is amended—

14           (1) in subsection (b)—

15               (A) in paragraph (2), by striking “Acquisi-  
16               tion” and all that follows through “facilities”  
17               and inserting the following: “acquisition, reha-  
18               bilitation, or acquisition and rehabilitation of  
19               vacant or underutilized community facilities tar-  
20               geted to serving the needs of low- and mod-  
21               erate-income people, or the new construction of  
22               community facilities targeted to serving the  
23               needs of low- and moderate-income people;”;

24               (B) by striking paragraph (6); and

1 (C) by designating paragraphs (7) and (8)  
2 as paragraphs (6) and (7), respectively; and  
3 (2) by striking subsection (e) and inserting the  
4 following:

5 “(e) PRIORITY FOR APPLICANTS WHO OBTAIN 10  
6 PERCENT OF THEIR TOTAL BUDGET FROM OTHER  
7 SOURCES.—In awarding grants under this section, the  
8 Secretary shall give priority to applicants to the extent  
9 that they have succeeded in obtaining not less than 10  
10 percent of their total budget for the Youthbuild program  
11 from Federal, State, local, or private sources other than  
12 assistance provided under this subtitle.”.

13 (b) ADDITIONAL PROGRAM REQUIREMENTS.—Sec-  
14 tion 455(a) of the Cranston-Gonzalez National Affordable  
15 Housing Act (42 U.S.C. 12899d(a)) is amended—

16 (1) in the material preceding paragraph (1), by  
17 inserting “for costs such as construction, rehabilita-  
18 tion, and acquisition” after “receiving assistance  
19 under this subtitle”; and

20 (2) in paragraph (1)(A)—

21 (A) by striking “90” and inserting “80”;  
22 and

23 (B) by striking “less than 60” and insert-  
24 ing “that do not exceed 50”.

1 (c) MANAGEMENT AND TECHNICAL ASSISTANCE.—  
2 Section 458 of the Cranston-Gonzalez National Affordable  
3 Housing Act (42 U.S.C. 12899g) is amended—

4 (1) in subsection (d), by striking “(b) and (c)”  
5 and inserting “(a), (b), and (c)”;

6 (2) by redesignating subsections (b) through (d)  
7 as subsections (c) through (e), respectively; and

8 (3) by inserting after subsection (a) the follow-  
9 ing new subsection:

10 “(b) DATA COLLECTION AND ANALYSIS.—The Sec-  
11 retary shall collect and analyze information necessary to  
12 assess the quality and effects of the Youthbuild Program,  
13 and monitor Youthbuild programs receiving assistance  
14 under this subtitle.”.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—Section  
16 402 of the Cranston-Gonzalez National Affordable Hous-  
17 ing Act (42 U.S.C. 12870) is amended by striking sub-  
18 section (b) and inserting the following:

19 “(b) YOUTHBUILD.—There are authorized to be ap-  
20 propriated for activities authorized under subtitle D of  
21 title IV \$100,000,000 for fiscal year 1995, and  
22 \$100,000,000 for fiscal year 1996.”.

1 **SEC. 1010. NEIGHBORHOOD REINVESTMENT CORPORA-**  
2 **TION.**

3 Section 608(a)(1) of the Neighborhood Reinvestment  
4 Corporation Act (42 U.S.C. 8107(a)(1)) is amended by  
5 striking the first sentence and inserting the following:  
6 “There are authorized to be appropriated to the corpora-  
7 tion to carry out this title \$38,667,000 for fiscal year  
8 1995 and \$38,667,000 for fiscal year 1996.”.

9 **SEC. 1011. HUD SALARIES AND EXPENSES.**

10 Section 7(s)(1) of the Department of Housing and  
11 Urban Development Act (42 U.S.C. 3535(s)(1)) is amend-  
12 ed to read as follows:

13 “(s)(1) Notwithstanding any other provision of law,  
14 there is authorized to be appropriated for salaries and ex-  
15 penses to carry out the purposes of this section  
16 \$1,000,773,000 for fiscal year 1995 and \$1,011,618,000  
17 for fiscal year 1996.”.

18 **SEC. 1012. SECTION 23 PROJECT CONVERSION.**

19 (a) AUTHORIZATION.—Notwithstanding the terms of  
20 contracts entered into pursuant to section 14(b)(2) of the  
21 United States Housing Act of 1937, the Secretary is au-  
22 thorized to enter into obligations to convert any assistance  
23 contract from a leased housing contract under section 23  
24 of such Act to a project-based assistance contract under  
25 section 8 of such Act.

1 (b) LIMITATION.—The authorization set forth in sub-  
 2 section (a) is conditioned on the repayment to the Sec-  
 3 retary of all amounts received by the public housing agen-  
 4 cy under the comprehensive improvement assistance pro-  
 5 gram under section 14 of the United States Housing Act  
 6 of 1937 for any project for which assistance will be con-  
 7 verted subject to this section and the amounts, as deter-  
 8 mined by the Secretary, received by the public housing  
 9 agency under the formula in section 14(k) of such Act by  
 10 reason of such project.

11 **SEC. 1013. CIVIL MONEY PENALTIES FOR IMPROPER PAR-**  
 12 **TICIPATION IN THE ORIGINATION OF TITLE I**  
 13 **LOANS.**

14 (a) AMENDMENT.—Section 2(b)(7) of the National  
 15 Housing Act (12 U.S.C. 1703(b)(7)) is amended to read  
 16 as follows:

17 “(7) CIVIL MONEY PENALTIES.—With respect  
 18 to the financing of alterations, repairs, and improve-  
 19 ments upon or in connection with existing structures  
 20 or manufactured homes, the building of new struc-  
 21 tures, or the purchase of manufactured homes or  
 22 lots, as authorized under the first sentence of section  
 23 2(a), any dealer or loan correspondent (as such  
 24 terms are defined by the Secretary) that knowingly  
 25 (as defined in section 536(g)) and materially—

1                   “(A) submits false information; or

2                   “(B) fails to submit information required  
3                   to be submitted to any financial institution or  
4                   to the Secretary;

5                   shall be subject to a civil money penalty in the  
6                   amount and manner provided under section 536  
7                   with respect to mortgagees and lenders.”.

8                   (b) APPLICABILITY OF AMENDMENT.—The amend-  
9                   ment made by subsection (a) shall apply only with respect  
10                  to—

11                  (1) violations that occur on or after the date of  
12                  enactment of this Act; and

13                  (2) in the case of a continuing violation (as de-  
14                  termined by the Secretary), any portion of the viola-  
15                  tion that occurs on or after such date of enactment.

16   **SEC. 1014. PUBLIC FACILITIES LOAN.**

17                  The Secretary shall cancel the indebtedness of Lock-  
18                  port Township, Illinois, relating to the public facilities loan  
19                  for Project No. ILL-11-PFLO112. Lockport Township,  
20                  Illinois, is hereby relieved of all liability to the Federal  
21                  Government for the outstanding principal balance on such  
22                  loan, the amount of accrued interest on such loan, and  
23                  any other fees and charges payable in connection with  
24                  such loan.

1 **SEC. 1015. NATIONAL COMMISSION ON THE FUTURE OF**  
2 **THE FEDERAL HOUSING ADMINISTRATION.**

3 (a) PURPOSE.—The purpose of this section is to es-  
4 tablish a national commission which shall develop rec-  
5 ommendations on—

6 (1) the appropriate future role of the Federal  
7 Government in providing mortgage insurance;

8 (2) modernizing and improving the structure  
9 and operations of the FHA;

10 (3) protecting the safety and soundness of the  
11 insurance funds of the FHA; and

12 (4) increasing service to families currently un-  
13 derserved by the mortgage finance system.

14 (b) ESTABLISHMENT.—There is hereby established a  
15 commission to be known as the National Commission on  
16 the Future of the Federal Housing Administration.

17 (c) MEMBERSHIP.—

18 (1) IN GENERAL.—The Commission shall con-  
19 sist of the Secretary and 18 additional members,  
20 who shall be appointed not later than 60 days after  
21 amounts to carry out this section are made available  
22 under subsection (h), in accordance with the follow-  
23 ing:

24 (A) Four members shall be appointed by  
25 the Chairman of the Committee on Banking,  
26 Housing, and Urban Affairs of the Senate and

1           4 members shall be appointed by the Ranking  
2           Minority Member of such Committee.

3           (B) Four members shall be appointed by  
4           the Chairman of the Committee on Banking,  
5           Finance and Urban Affairs of the House of  
6           Representatives and 4 members shall be ap-  
7           pointed by the Ranking Minority Member of  
8           such Committee.

9           (C) Two members shall be appointed by  
10          the Secretary.

11          (2) QUALIFICATIONS.—The 8 members of the  
12          Commission appointed under subparagraphs (A) and  
13          (B) of paragraph (1) shall include—

14               (A) 1 individual who represents the mort-  
15               gage finance industry;

16               (B) 1 individual with knowledge and exper-  
17               tise from a secondary mortgage market entity;

18               (C) 1 individual with knowledge and expe-  
19               rience concerning home sales or single family  
20               asset management;

21               (D) 1 individual who represents the private  
22               mortgage insurance industry;

23               (E) 1 individual with knowledge and expe-  
24               rience concerning multifamily housing asset  
25               management;

1 (F) 1 individual who represents a State or  
2 local housing agency active in single family or  
3 multifamily housing activities;

4 (G) 1 individual who represents the inter-  
5 ests of low-income homeowners, tenants, or  
6 residents of urban or rural neighborhoods; and

7 (H) 1 individual who resides in an urban  
8 or rural community whose residents are under-  
9 served by the conventional housing finance sys-  
10 tem.

11 (3) CHAIRPERSON.—The Secretary shall select  
12 a chairperson from among members of the Commis-  
13 sion.

14 (4) QUORUM.—A majority of the members of  
15 the Commission shall constitute a quorum for the  
16 transaction of business.

17 (5) VOTING.—Each member of the Commission  
18 shall be entitled to 1 vote, and all votes shall be  
19 given equal weight.

20 (6) VACANCIES.—Any vacancy on the Commis-  
21 sion shall not affect the powers of the Commission  
22 and shall be filled in the manner in which the origi-  
23 nal appointment was made.

24 (7) PROHIBITION ON ADDITIONAL PAY.—Mem-  
25 bers of the Commission shall serve without com-

1       pensation, but shall be reimbursed for travel, sub-  
2       sistence, and other necessary expenses incurred in  
3       the performance of their duties as members of the  
4       Commission.

5       (d) SUBCOMMITTEES.—In carrying out its duties  
6       under subsection (e), the Commission shall establish 2  
7       subcommittees, 1 of which shall carry out such duties with  
8       respect to issues relating to mortgage insurance for multi-  
9       family housing and 1 of which shall carry out such duties  
10      with respect to issues relating to mortgage insurance for  
11      single family housing

12      (e) DUTIES.—

13           (1) IN GENERAL.—The Commission shall con-  
14      duct a study of the existing operations of the FHA  
15      and shall make recommendations regarding the fu-  
16      ture mission, organization, responsibilities, and func-  
17      tions of the FHA. In conducting the study and for-  
18      mulating recommendations, the Commission shall—

19           (A) determine the most appropriate role  
20      for the Federal Government in extending the  
21      availability of mortgage credit and review var-  
22      ious alternative mortgage products and, with  
23      regard to the mission and functions of the  
24      FHA, the appropriateness of the use of such  
25      products by the FHA;

1 (B) determine whom FHA programs are  
2 intended to serve;

3 (C) consider the appropriate relationship  
4 between the FHA and the Government National  
5 Mortgage Association, and private mortgage in-  
6 surance and the Government-sponsored enter-  
7 prises;

8 (D) compare and contrast the FHA with  
9 the private marketplace with respect to the  
10 quality, price, and variety of mortgages instru-  
11 ments made available to consumers;

12 (E) consider the impact of the FHA on the  
13 development of new mortgage products;

14 (F) consider whether the FHA could func-  
15 tion more effectively if organized as a Govern-  
16 ment corporation, a Government-sponsored en-  
17 terprise, or with any other organizational struc-  
18 ture different from the existing structure;

19 (G) consider whether the personnel, pro-  
20 curement, budgeting, and other requirements  
21 generally applicable to the Federal agencies  
22 should be modified in their applicability to the  
23 FHA;

24 (H) review the laws establishing and relat-  
25 ing to the FHA and determine whether amend-

1           ment to such law would be appropriate to re-  
2           structure the FHA, or to provide new authority  
3           or increased flexibility for the operations of the  
4           FHA;

5           (I) determine ways in which the FHA can  
6           more effectively contribute to the revitalization  
7           of inner-cities and increase housing opportuni-  
8           ties for low-income families;

9           (J) determine ways to improve the man-  
10          agement and sale of assets owned by the FHA;

11          (K) determine ways to reduce the risk of  
12          future insurance losses from the existing inven-  
13          tory of outstanding mortgages insured by the  
14          FHA; and

15          (L) determine ways to improve the private  
16          management of multifamily properties insured  
17          by the FHA.

18          (2) REPORT.—Not later 12 months after the  
19          date on which all members of the Commission are  
20          appointed under subsection (c), the Commission  
21          shall submit to the Secretary and to the Congress a  
22          report containing—

23                (A) the information and evaluations speci-  
24                fied in paragraph (1); and

1 (B) specific recommendations for legisla-  
2 tive and administrative actions to carry out the  
3 determinations made pursuant to paragraph  
4 (1).

5 (f) POWERS.—

6 (1) HEARINGS.—The Commission may, for the  
7 purpose of carrying out this section, hold such hear-  
8 ings and sit and act at such times and places as the  
9 Commission considers appropriate.

10 (2) RULES AND REGULATIONS.—The Commis-  
11 sion may adopt such rules and regulations as may  
12 be necessary to establish its procedures and to gov-  
13 ern the manner of its operations, organization, and  
14 personnel.

15 (3) ASSISTANCE FROM FEDERAL AGENCIES.—

16 (A) INFORMATION.—The Commission may  
17 secure directly from any department or agency  
18 of the United States such data and information  
19 as the Commission may require for the purpose  
20 of carrying out this section. Upon request of  
21 the Commission, any such department or agen-  
22 cy shall furnish such data or information. The  
23 Commission may acquire data or information  
24 directly from such departments or agencies to

1 the same extent that the Secretary may acquire  
2 such data or information.

3 (B) ADMINISTRATIVE SUPPORT.—The  
4 General Services Administration shall provide to  
5 the Commission, on a reimbursable basis, ad-  
6 ministrative support services requested by the  
7 Commission.

8 (C) PERSONNEL DETAILS.—Upon the re-  
9 quest of the chairperson of the Commission, the  
10 Secretary shall, to the extent possible and sub-  
11 ject to the discretion of the Secretary, detail  
12 any of the personnel of the Department of  
13 Housing and Urban Development, on a  
14 nonreimbursable basis, to assist the Commis-  
15 sion in carrying out its duties under this sec-  
16 tion.

17 (4) MAILS.—The Commission may use the  
18 United States mails in the same manner and under  
19 the same conditions as other Federal agencies.

20 (5) CONTRACTING.—The Commission may, to  
21 such extent and in such amounts as are provided in  
22 appropriations Acts, enter into contracts necessary  
23 to carry out its duties under this section.

1           (6) ADVISORY COMMITTEE.—The Commission  
2       shall be considered an advisory committee within the  
3       meaning of the Federal Advisory Committee Act.

4           (7) STAFF.—

5           (A) EXECUTIVE DIRECTOR.—The Commis-  
6       sion shall appoint an executive director of the  
7       Commission who shall be compensated at a rate  
8       fixed by the Commission, but which may not ex-  
9       ceed the rate established for level V of the Ex-  
10      ecutive Schedule under title 5, United States  
11      Code.

12          (B) PERSONNEL.—In addition to the exec-  
13      utive director, the Commission may appoint and  
14      fix the compensation of such personnel as the  
15      Commission considers appropriate, in accord-  
16      ance with the provisions of title 5, United  
17      States Code, governing appointments in the  
18      competitive service, and the provisions of chap-  
19      ter 51 and subchapter III of chapter 53 of such  
20      title, relating to classification and General  
21      Schedule pay rates.

22          (C) LIMITATION.—This paragraph shall be  
23      effective only to the extent that amounts are  
24      made available in appropriations Acts.

25      (g) DEFINITIONS.—For purposes of this section—

1           (1) the term “Commission” means the National  
2       Commission on the Future of the Federal Housing  
3       Administration established under this section; and

4           (2) the term “FHA” means the Federal Hous-  
5       ing Administration of the Department of Housing  
6       and Urban Development.

7       (h) FUNDING.—Of any amounts appropriated pursu-  
8       ant to section 501 of the Housing and Urban Development  
9       Act of 1970, the Secretary shall set aside to carry out  
10      this section \$1,000,000 for fiscal year 1995. Any amounts  
11      made available pursuant to this subsection shall remain  
12      available until expended.

13      (i) SUNSET.—The Commission shall terminate 12  
14      months after the date on which all of the members of the  
15      Commission are appointed under subsection (c).

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